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de l'Habitatge
de Barcelona**

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Area

Barcelona Provincial
Council

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Indicators

The impact of COVID-19 on the residential system in the Barcelona metropolis 2020

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Amb el suport de:



NOTE

On 3 August 2021 Royal Decree Law 16/2021 was passed and, amongst other questions, extended until 31 October 2021 the period of validity of some of the measures discussed in the second chapter of this report: namely, a moratorium on court-ordered evictions in the case of vulnerable households; a mandatory extension of rental contracts; and a moratorium or partial waiving of rents for people in situations of vulnerability caused by the COVID-19 crisis.

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Introduction

The COVID-19 pandemic had an unprecedented effect on numerous aspects of our everyday lives, many of which – e.g. our economic activities, jobs, incomes and poverty levels, to name just a few – are inextricably linked to our residential system. Nevertheless, the greatest change brought about by the pandemic occurred in the field of public policy, which, unlike in the 2008 crisis, was able to partially mitigate the grave social consequences of this outbreak.

The responses at administrative level, from the European Union down to state and even lower levels, implemented to the extent that legal systems and capacities permitted, were decisive in ensuring that the serious fall in productivity (11.4% drop in the Catalan GDP) did not provoke a downward spiral of job losses. Thus, in Catalonia there was only a 2.2% fall in employment in the period from December 2019 to December 2020, the equivalent of the loss of 73,450 jobs. In the metropolitan area employment fell by 2.6%, a loss of 45,220 jobs, and in the city of Barcelona by 3.1%, a loss of 39,995 jobs (Trullén, Aguilera, Figuls & Galletto, 2021).

That the crisis would have an impact was inevitable – despite these policies of containment known as the ‘Social Shield’ – given the context in which indicators show that poverty levels had not yet recovered from the previous crisis. For example, in the Barcelona Metropolitan Area in 2018–2019, 23% of the population was still at risk from social exclusion and one in four young children was still living below the poverty line. Likewise, in 2020 it was estimated that the risk of moderate poverty within the metropolitan population had increased by 4–5 percentage points (between 129,000 and 152,000 people) and that 50,000 people were still at risk of extreme poverty (Navarro-Varas, Porcel & Cruz, 2021). This has led to an increase in the number of people helped by the social services and private charitable entities (Table d’entitats del Tercer Sector Social Català, 2021).

As is imaginable, the trends discussed above have had a notable impact on both the housing market and how people’s needs in terms of housing are satisfied, two subjects that we will be examining throughout this review. The conjunctural changes deriving from the COVID-19 crisis cannot be studied without reference to two key questions. Firstly, it is vital to take into account the context, characterised by an entrenched structural crisis in the access to housing over the past two decades, that has seen average house prices rising approximately twice as much as household incomes. Secondly, it is also important to bear in mind the series of exceptional policies that were implemented, some of which such as the Catalan law halting rent increases predated the COVID-19 outbreak, while others were enacted during the crisis as part of the ‘Social Shield’. However, they all have in common the fact that they were enforced within a framework of the crisis in access to housing and a context of a structural deficit in affordable housing stock.

These are thus the overarching factors that need to be considered when analysing the impact of the pandemic on the residential system in the Barcelona metropolis, which forms the main thread of the analytic task carried out in this review. This work consists of four chapters preceded by an introduction and followed by a series of conclusions, bibliographical references and annexes. The first chapter provides a context for the current crisis in access to housing, a structural phenomenon that, as has been highlighted in other work by the Barcelona Metropolitan Housing Observatory, has in recent years existed concurrently with an increase in the number of households living in rented accommodation.

The second chapter focusses on the recent exceptional policies enforced in the sphere of housing: Law 11/2020, 18 September, on price limitations in rental contracts, and the exceptional measures deployed principally by the Spanish government during the state of alarm aimed at mitigating the effects of the pandemic. Finally, this chapter analyses the repercussions of these policies in the Barcelona metropolis, although, despite the efforts made and the impact of the actions implemented by many local administrations, we do not as yet possess an exhaustive compilation of all the measures hitherto carried out. Thus, here we only discuss some of the most significant measures whose results we have been able to fully consult, above all thanks to the information provided by Barcelona City Council.

After this contextualisation of the structural crisis in the access to housing and the explanation of the exceptional measures undertaken in the field of housing, the third and fourth chapters analyse the impact of COVID-19 on the housing market and on the population in general.

The third chapter explores recent dynamics in the housing market in terms of sale-purchases and rentals. As well, it considers how the residential building sector is evolving in both the spheres of rehabilitation and new housing. In the fourth and final chapter, we use a study of the elements of demographic growth and changes in the perception of residential space to analyse the impact of COVID-19 on some of the main aspects of the evolution of the population and the satisfaction of housing needs. Last but not least, this chapter devotes two sections to analysing residential exclusion based on data on forced evictions and on cases referred to the emergency housing boards.

Lastly, before beginning the first chapter of this report, it is worth explaining its territorial and temporal scope. Firstly, the territorial divisions employed are those that are used habitually elsewhere: the municipality of Barcelona, the rest of the metropolitan area (the 35 municipalities that surround the city), and the rest of the province of Barcelona (275 municipalities). The annex includes a map depicting these territorial divisions. Due to the variability in data availability, some indicators are described using other territorial divisions, which are described where necessary. In terms of the temporal scope of this work, the analysis focusses on the year 2020 to ensure coherence with the other published annual reports. Nevertheless, both Chapter 2 and occasionally Chapter 4 use data from the first quarter of 2021.

○— 1. The COVID-19 pandemic at a time of crisis in access to housing

As has been highlighted in previous studies published by the Barcelona Metropolitan Housing Observatory, for at least two decades the gap between people's average income and the average price of housing has continued to grow. This structural separation has not ceased to widen in recent years and is a key obstacle in the task of ensuring access to and permanence in housing. This trend is operating within a context of a growth in the number of households that live in rented accommodation, which contrasts with the fall in the number of owner-occupied households that were once in the majority throughout the metropolis (Observatori Metropolità de l'Habitatge de Barcelona, 2018a, 2019, 2020c).

In this chapter we analyse these dynamics, an essential step if we are to fully comprehend both the crisis in the access to housing present before COVID-19 struck as well as its subsequent evolution in the exceptional situation in which we are currently immersed.

This chapter is structured in three sections. Firstly, we examine the evolution of the gross family income per person (GFI) and the average prices of both sale-purchases and rents. Secondly, we explore how housing ownership has evolved in Barcelona and, finally, analyse two of the main indicators that reveal just how difficult it is to access permanent housing in Barcelona: (i) the theoretical effort required to access housing and (ii) the overburden rate.

1.1. The growing gap between household income and the average price of housing

As mentioned above, the main cause of the current crisis in access to housing is the growing gap between income and average house prices, which in 2020 widened in both Barcelona and the rest of Catalonia.

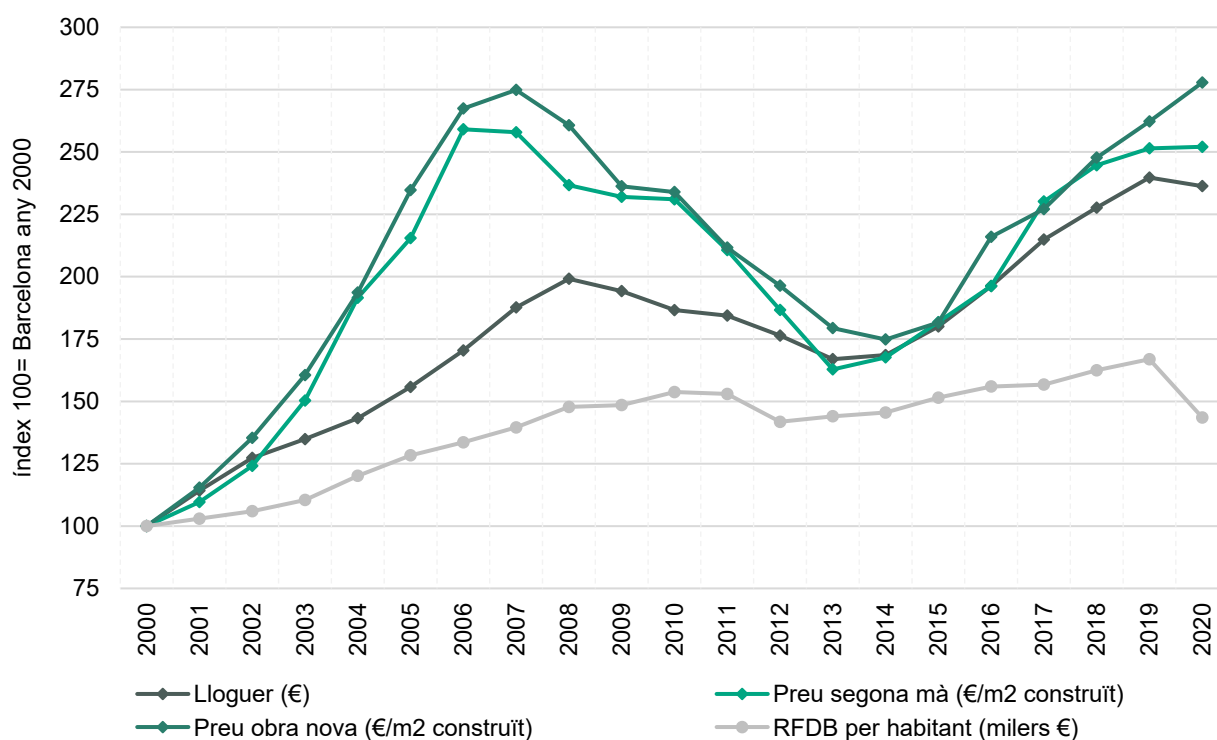
In 2020, as people were experiencing a substantial decline in income, which fell to the values recorded in 2007 and 2012, the average cost of housing fluctuated depending on type (prices of new or used housing, or rents) (Figures 1.1 and 1.2). Specifically, the average sale-purchase price of new housing in 2020 was similar to that of 2019, whilst the price of used housing stabilised and of rents fell or remained unchanged depending on whether the dwelling was in the city of Barcelona or elsewhere in Catalonia.

After eight years of growth, household incomes in the city of Barcelona fell sharply by 14.0% compared to the previous year. Average house prices, on the other hand, continued to rise in the case of new housing (5.9%) and remained relatively unaltered in the case of used housing (0.2% rise), whilst rents fell slightly by 1.4%. Thus in 2020, the fall in the GFI in Barcelona was 10 times greater than the fall in rental prices.

Throughout the rest of Catalonia the data for 2020 show similar fluctuations (Figure 1.2) as in Barcelona (except average rents): the GFI fell by 13.8%, the average price of new housing rose by 7.9%, while both the price of used housing and rents remained stable (increases between 0.0 and 0.1%, respectively).

To summarise, in 2020 the fall in income provoked by the sanitary crisis did not lead to a comparable fall in average prices in housing in either Barcelona or Catalonia. Thus, the gap between GFI and the average cost of housing continued to widen. Nevertheless, to fully understand the true effects of this situation it is important to undertake a chronological review of two variables.

Figure 1.1. Evolution of the Gross Family Income (GFI) per inhabitant and average price of housing Barcelona (2000 = 100), 2000–2020.



Source: own work. RFDB (2000–2017), Idescat; RFDB (2018, 2019 and 2020), Municipal Economic Information Service (SIEM) of Barcelona Provincial Council; Average sale-purchase prices, Urban Agenda and Territory Secretariat using data from Official Association of Property Registrars; Average rental prices, Urban Agenda and Territory Secretariat using data on deposits placed with INCASOL

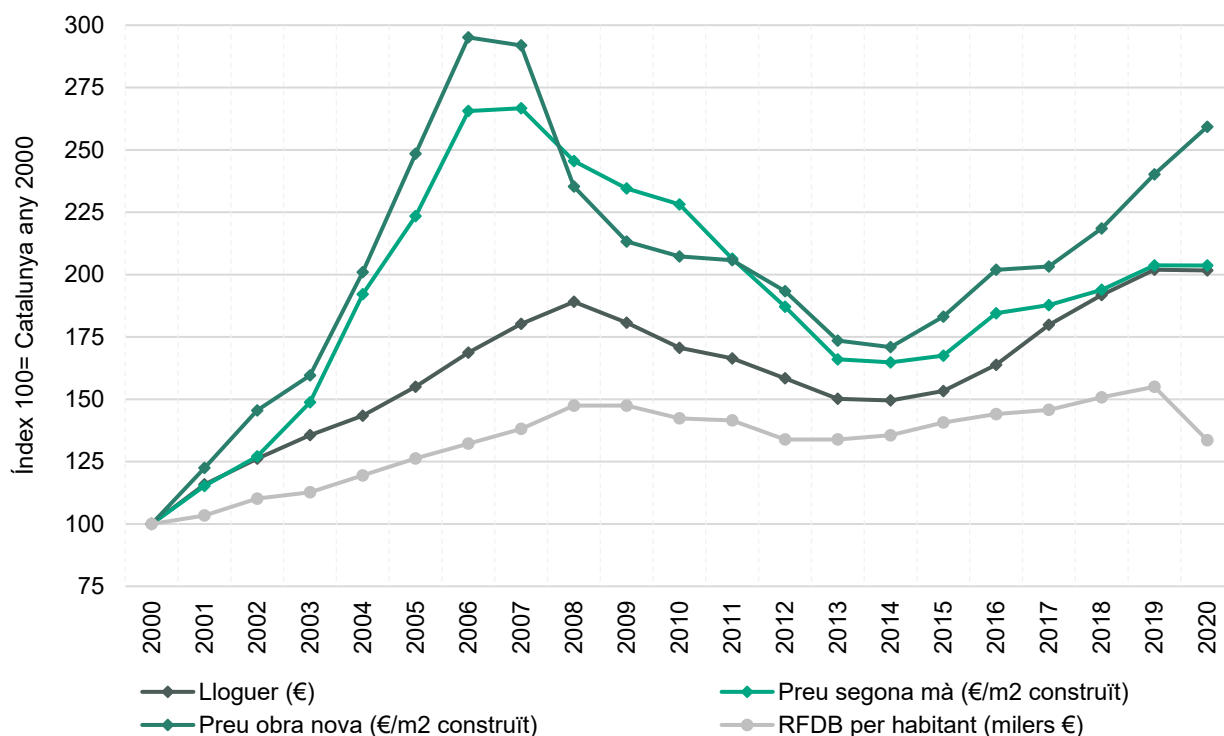
The evolution in housing prices in the years 2000–2020 can be divided into three distinct phases: an initial phase of rising prices in 2000–2007, recession in 2008–2013 and, finally, a second period of price increases from 2014 onwards (Figures 1.1 and 1.2).

The first phase of rising prices began in the second half of the 1990s and was marked by a sharp increase in residential prices – more so in the sale-purchase market than in the rental sector – and a high rate of new house building and sale-purchase operations. During these years, family incomes grew at a far slower rate than the price of housing, although this gap between incomes and prices was mitigated by the vast resources of the financial markets and lax financial conditions on loan operations that provoked a significant increase in household debt.

The bubble that grew during these years finally burst towards the end of 2007–beginning of 2008; from this moment onwards, the economic cycle was inverted, and the Catalan economy entered into recession and unemployment grew sharply. Given the accumulation of housing on the market due to the fall in demand and credit restrictions in the financial sector (the so-called ‘credit crunch’), all new housing projects in the residential sector suddenly ground to a halt. Under this new scenario, the cost of housing (in particular, that of sale-purchase prices) fell sharply, as did household income, leading to an exponential increase in the number of households facing difficulties to pay their housing costs.

From 2013 onwards, the Catalan economy began to show solid signs of recovery. The fall in unemployment stimulated an increase in family income and, overall, led to a fresh growth in house prices that in some submarkets even exceeded the maximum values attained during the housing boom; this was the case in new housing in Barcelona and in the rental sector in both the city of Barcelona and Catalonia as a whole. However, this rise in house prices was not accompanied by a proportional increase in household income, a gap that could not be breached by any financial mechanisms.

Figure 1.2. Evolution of gross household income per in habitant average housing costs in Catalonia (2000 = 100), 2000–2020.



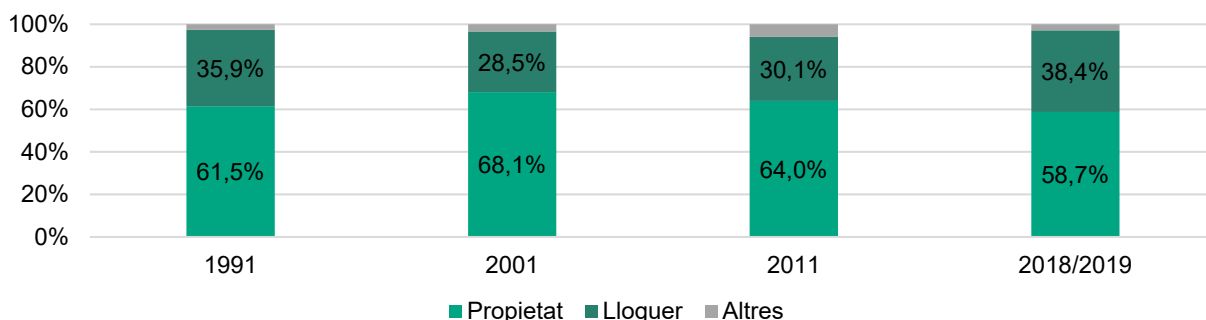
Source: own work. RFDB (2000–2017), Idescat; RFDB (2018, 2019 and 2020), Municipal Economic Information Service (SIEM) of Barcelona Provincial Council; Average sale-purchase prices, Urban Agenda and Territory Secretariat using data Official Association of Property Registrars; Average rental prices, Urban Agenda and Territory Secretariat using data on deposits placed with INCASOL

Thus, **since 2000 the average costs of housing have always risen relatively more than they have declined during recessions, which means that in the long term prices end up increasing. This increase, however, does not coincide with similar rises in income, which improve in the long term at a far slower rate.**

1.2. The evolution of the type of tenure

Over the past two decades there has been an increase in the number of households living in rental accommodation at all territorial scales in the Barcelona metropolis (Figures 1.3, 1.4 and 1.5), which illustrates how renting is now no longer seen as a temporary way of accessing permanent housing and has become a much more universal and well-established way of entering the housing market (Bosch & Donat, 2021).

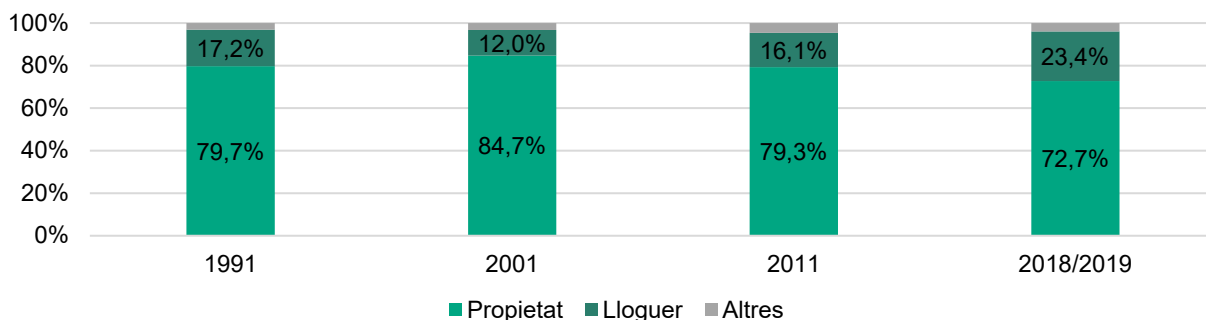
Figure 1.3. Households by tenure (%) in Barcelona, 1991–2019.



Source: own work. Households by tenure (1991, 2001 and 2011), Idescat, general population census; Households by ownership (2018/2019) Idescat and IERMB, Metropolitan Living Conditions Statistics.

There has been a significant increase in the percentage of households living in rented accommodation between 2001 and 2011 (increase of 5.8%) in the **city of Barcelona**, above all in the past eight years (increase of 27.6%) (Figure 1.3). Thus, **in the period 2018–2019 38.4% of households lived in rented property** (32.0% at market prices, 6.4% at below market prices), 42.1% lived in owner-occupied properties (i.e. no mortgages) and 16.7% in properties with outstanding mortgage payments¹.

Figure 1.4. Households by tenure (%) in Barcelona Metropolitan Area, 1991–2019.



Source: own work. Households by tenure (1991, 2001 and 2011), Idescat, general population census; Households by ownership (2018/2019) Idescat and IERMB, Metropolitan Living Conditions Statistics.

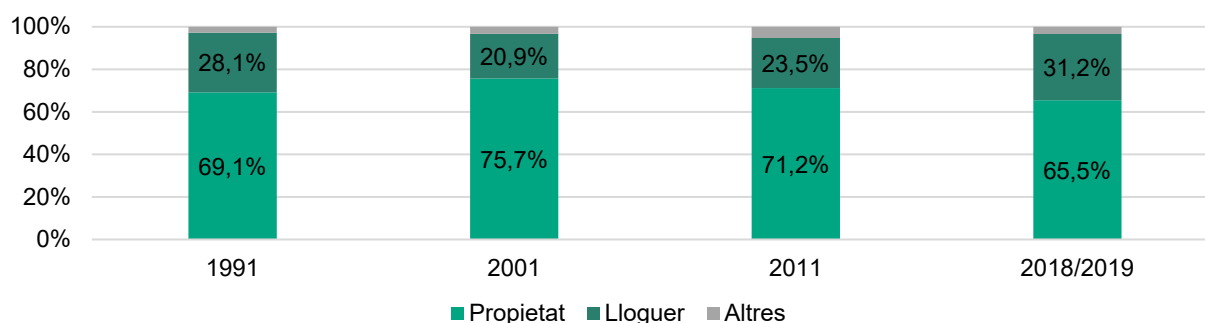
In the rest of the metropolitan area, the rhythm of growth in the number of households living in rental accommodation has accelerated. In the years 2001–2011 the percentage of households living in rental property increased significantly by 33.7% and has continued to grow notably since then (increase of 45.1% in the past eight years). The most recent data (Table 1.1) show that in the **period 2018–2019, 23.4% of households rented their homes** (19.6% at market prices and 3.8% at below market prices), while 47.2% lived in properties they owned with no mortgages and 25.5% in homes with outstanding mortgages.

For the whole of the Barcelona Metropolitan Area (see Figure 1.5 and Table 1.1), the overall percentage of households living in rented accommodation in 2018–2019 was 31.2%, while people living in their own properties without mortgages amounted to 44.5%, and 20.9% to people with mortgages. However, in four

¹ Albeit still in the minority, in recent years Barcelona City Council has promoted other forms of ownership in social housing that include 75-year leases, co-inhabiting and cooperatives. According to data from the Barcelona Municipal Housing and Rehabilitation Institute, (IMHAB), the number of dwellings with alternative forms of ownership rose from 1,167 to 1,403 between 2018 and 2019.

consecutive years (2016–2019) the number of households renting homes increased (3–4 accumulated percentage points), while the number of properties with outstanding mortgage payments increased by two percentage points.

Figure 1.5. Households by tenure (%). Total Barcelona Metropolitan Area, 1991–2019.



Source: own work. Households by tenure (1991, 2001 and 2011), Idescat, General Population census; Households by ownership (2018/2019) Idescat and IERMB, Metropolitan Living Conditions Statistics.

Table 1.1. Percentage change in tenure in Barcelona, the rest of the metropolitan area and the whole metropolitan area, 2016–2019.

	Barcelona			BMA without Barcelona			Total BMA		
	2016/2017	2017/2018	2018/2019	2016/2017	2017/2018	2018/2019	2016/2017	2017/2018	2018/2019
Self-owned, no mortgage	43.6%	40.9%	42.1%	48.3%	48.1%	47.2%	45.8%	44.4%	44.5%
Self-owned with mortgage	17.7%	17.6%	16.7%	28.4%	26.6%	25.5%	22.9%	21.9%	20.9%
Rented or re-rented at market price	29.1%	31.2%	32.0%	17.1%	19.3%	19.6%	23.3%	25.4%	26.0%
Rented or re-rented at below market price	5.9%	7.1%	6.4%	2.9%	2.7%	3.8%	4.5%	4.9%	5.2%
Subtotal rented	35.0%	38.2%	38.4%	20.0%	22.0%	23.4%	27.8%	30.4%	31.2%
Donation	3.7%	3.2%	2.8%	3.2%	3.4%	3.9%	3.5%	3.3%	3.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: own work. Idescat and IERMB, Metropolitan Living Conditions Statistics.

In summary, **the growth in the number of households in rental accommodation in both Barcelona and the rest of the metropolitan area confirms a changing trend in the type of tenure that began over a decade ago.** It is worth noting that this tendency also occurs throughout the metropolitan area and is not restricted to the city of Barcelona.

1.3. Difficulties in access to and permanence in housing

Theoretical effort required to access a dwelling

The growing gap between income and housing prices discussed in the first section of this chapter is directly related to the effort that households have to make to access average-priced housing. Here, we use a reference of annual incomes of €25,000 and €35,000 to calculate the theoretical effort required to buy a new or used home, or to rent a dwelling.

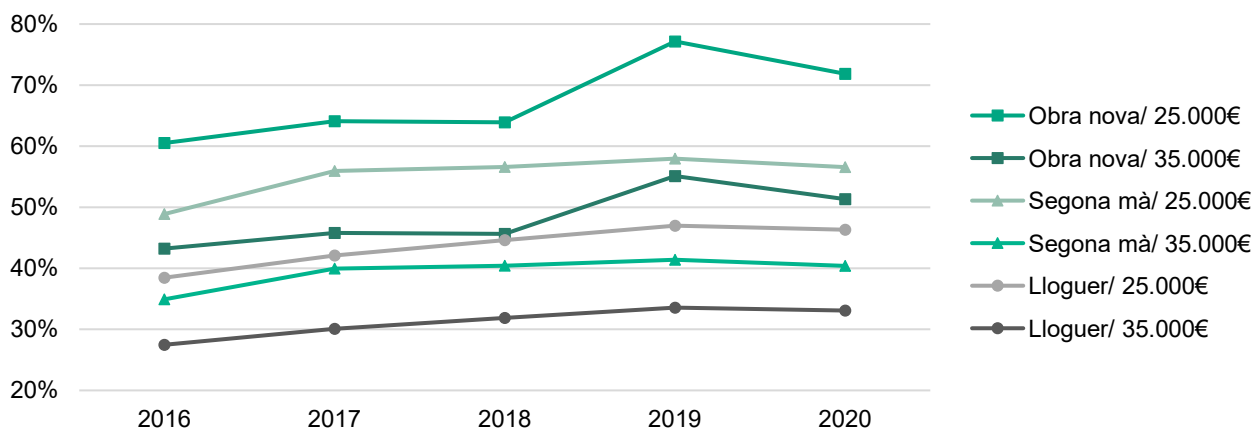
The situation created by the impossibility of closing the gap between family incomes and market prices means that to access the housing market many homes in the metropolis are now obliged to dedicate a far greater percentage of their incomes than is recommended (Article 8 of the Law 24/2015, 29 July, on urgent measures to confront the housing emergency and energetic poverty, states that households should not spend more than 30% of their incomes on their permanent residences).

Data from 2019 show that a household with an income of €25,000 wanting to access an average-priced home in the metropolitan area has to devote over 40% of its income on mortgages repayments or rent (before even taking into account the savings needed to cover the deposit of around 30% of the total purchase price). A household with an annual income of €35,000 still has to spend over 30% of its income on housing (Observatori Metropolità de l'Habitatge de Barcelona, 2020c). The figures for 2020 show that the problem of accessing housing has not disappeared and in fact is worsening in Barcelona compared to the other territorial scales (Figures 1.6, 1.7 and 1.8).

If we take as a reference value a household with an annual income of €35,000, in the **city of Barcelona** the purchase of a new dwelling (Figure 1.6) requires an expenditure of 51.3% of a household's income, while used housing requires spending 40.4% and renting 33.1%. **In the case of a household with an annual income of €25,000, the percentages are even higher: new housing costs 71.8% of a household's annual income, used housing 56.6% and a monthly rent 46.3%.** Thus, although the theoretical effort required to access housing has fallen since 2019 (five percentage points for new housing and one for used housing and renting), none of these options is currently below the threshold recommended by Law 24/2015.

If we take as a reference value a household with an annual income of €35,000, in 2020 **in the rest of the metropolitan area** (Figure 1.7) the purchase of new housing means spending 35% of a household's annual income; by contrast, the cost of buying used housing or renting remains below the recommended threshold: 25.7% and 27.2%, respectively. However, **for a household with an annual income of €25,000 all options are beyond the recommended threshold: 49.0% of annual income for new housing, 35.9% for used housing and 38.1% for renting.** This shows that the difficulties in accessing housing identified in 2019 still exist and have increased by four percentage points in the case of new housing and one for used housing and rentals.

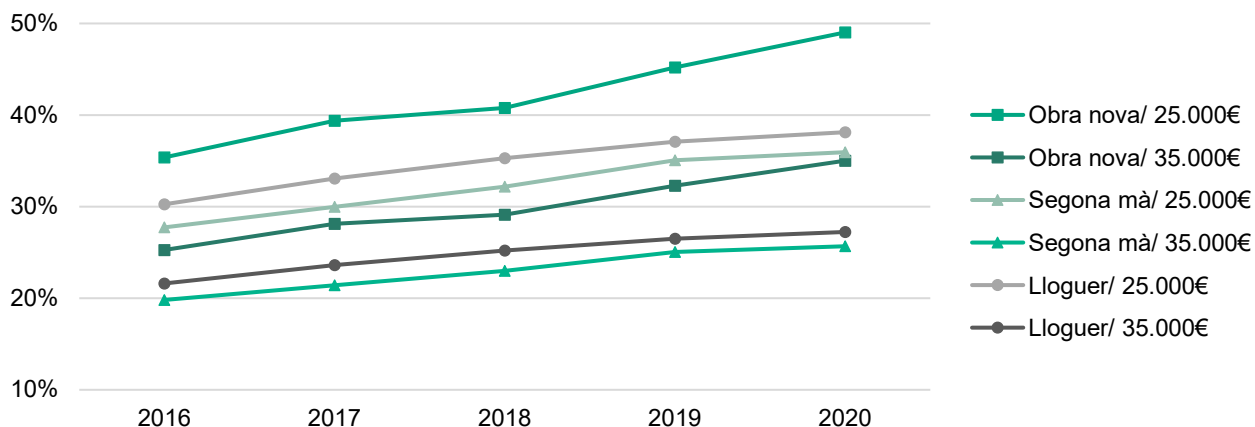
Figure 1.6. Evolution of the theoretical cost of accessing housing by annual household income in Barcelona, 2016–2020.



Note: the following assumptions were made to calculate the annual quota for the first year of the mortgage: relationship loan/80% value of property, mortgage rate of the entities offering loans at more than three years (2020, 1.73%), and average length of mortgage (2020, 23.9 years).

Source: own work. Average sale-purchase price, Urban Agenda and Territory Secretariat using data from the Official Association of Catalan Property Registrars, Bank of Spain using interest rates, and using the Spanish Mortgage Association access indicators; average rent, Urban and Territory Agenda Secretariat using data from INCASOL.

Figure 1.7. Evolution of the theoretical effort required to access housing by household income in the metropolitan area without Barcelona, 2016–2020.



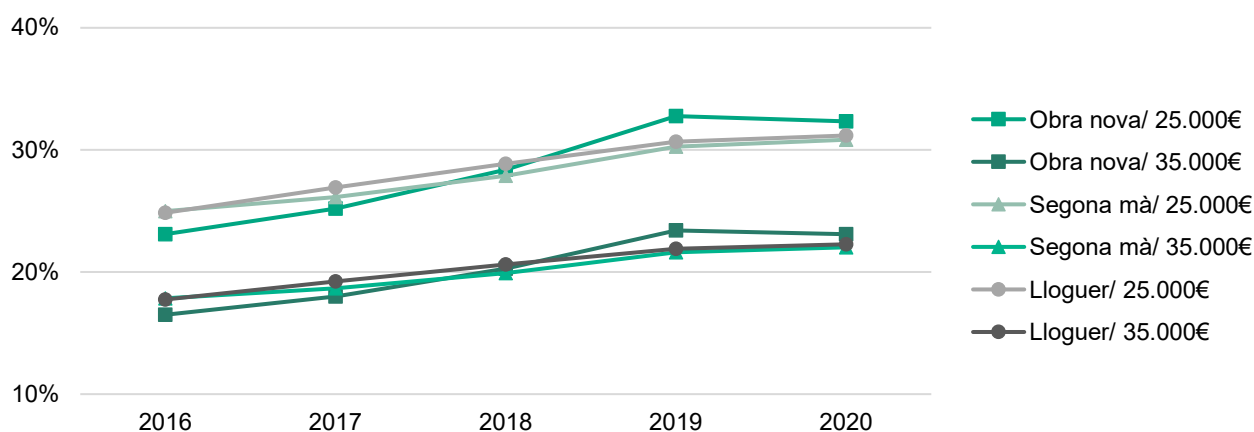
Note: the following assumptions were made to calculate the annual quota for the first year of the mortgage: relationship loan/80% value of property, mortgage rate of the entities offering loans at more than three years (2020, 1.73%), and average length of mortgage (2020, 23.9 years).

Source: own work. Average sale-purchase price, Urban and Territory Agenda Secretariat using data from the Official Association of Catalan Property Registrars, Bank of Spain using interest rates, and using the Spanish Mortgage Association access indicators; average rent, Urban and Territory Agenda Secretariat using data from INCASOL.

Finally, in the province of Barcelona without the metropolitan area (Figure 1.8), a household with an annual income of €35,000 can afford any of the options by spending 23.1% of its income on the sale-purchase of new

housing, 22.0% on used housing or 22.3% on rent. A household with an annual income of €25,000 has to spend 32.3% of its income on the purchase of new housing, 30.8% on used housing and 31.2% on rent. Unlike at the previous territorial scale, the theoretical effort required at this territorial scale to purchase new housing fell slightly compared to 2019 (by almost one point), whilst the sale-purchase of used housing slightly increased (by almost one point).

Figure 1.8. Evolution of the theoretical cost of accessing housing by annual household income in the province of Barcelona without the metropolitan area, 2016–2020.



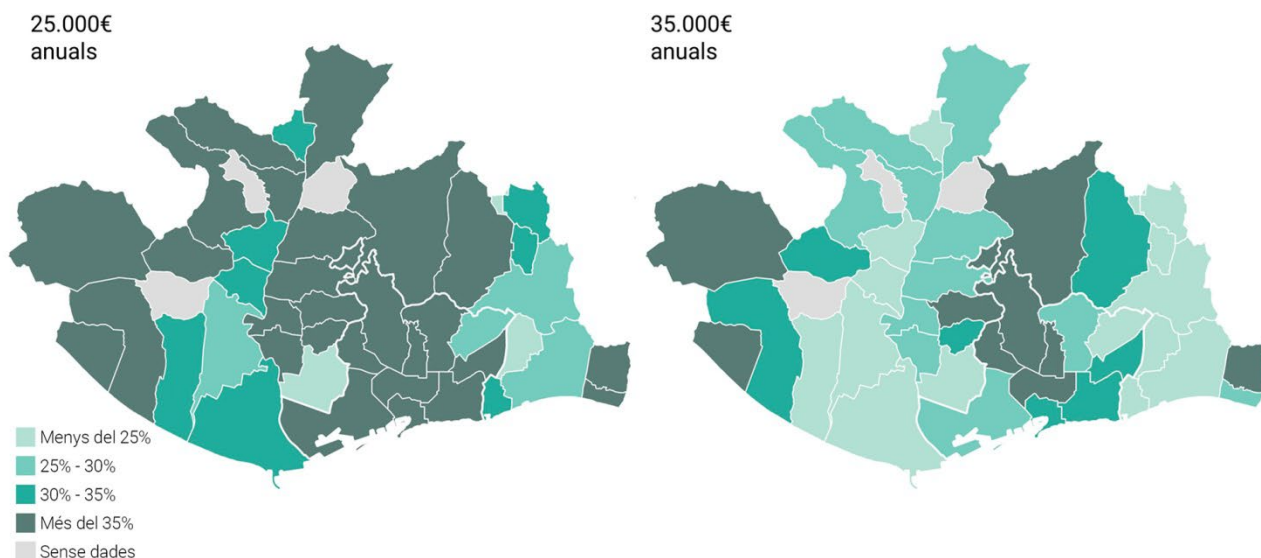
Note: the following assumptions were made to calculate the annual quota for the first year of the mortgage: relationship loan/80% value of property, mortgage rate of the entities offering loans at more than three years (2020, 1.73%), and average length of mortgage (2020, 23.9 years).

Source: own work. Average sale-purchase price, Urban and Territory Agenda Secretariat using data from the Official Association of Catalan Property Registrars, Bank of Spain using interest rates, and using the Spanish Mortgage Association access indicators; average rent, Urban Agenda and Territory Secretariat using data from INCASOL.

These data illustrate how difficult it is for many inhabitants of the metropolitan area to access the housing market. At municipal level, marked differences occur for both the studied theoretical incomes. To explore further the effects at territorial level here we focus on the used housing and rental markets. Without exceeding the theoretical 30% threshold a household with an annual income of €25,000 **can only purchase used housing** (Figure 1.9) in five of the **36 municipalities of the Barcelona Metropolitan Area**: Santa Coloma de Gramenet (21.5%), L'Hospitalet del Llobregat (24.2%), Badia del Vallès (24.9%), Montcada and Reixac (27.3%) and Badalona (29.1%) or in just one of the **10 districts in the city of Barcelona**, Nou Barris (26.9%). This household has to make the greatest efforts to enter the used housing market in the districts of Sarrià-Sant Gervasi (107.4%), Les Corts (82.8%) and L'Eixample (69.7%), or in the town of Sant Just Desvern (83.1%).

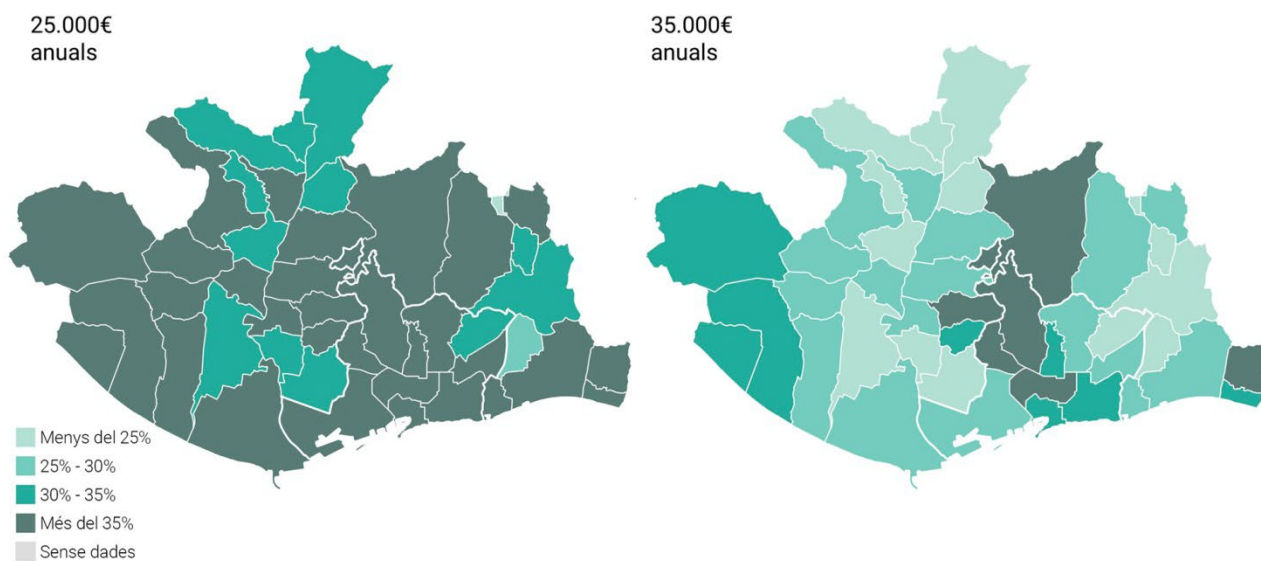
A household with an annual income of €35,000 can purchase housing in 23 municipalities in the metropolitan area and in three districts in Barcelona: the least financial effort is required in the municipalities of Santa Coloma de Gramenet (15.4%), L'Hospitalet del Llobregat (17.3%) and Badia del Vallès (17.8%) but the most in the districts of Sarrià-Sant Gervasi (76.7%), Les Corts (59.1%) and L'Eixample (49.8%), and in the municipalities of Sant Just Desvern (59.4%) and Sant Cugat del Vallès (48.7%).

Figure 1.9. Theoretical effort required to access the used housing market by household income in the municipalities in the Barcelona Metropolitan Area and districts of Barcelona, 2020.



Source: own work. Average sale-purchase price, Urban Agenda and Territory Secretariat using data from the Official Association of Catalan Property Registrars, Bank of Spain using interest rates, and using the Spanish Mortgage Association access indicators

Figure 1.10. Theoretical effort required to access the housing rental market by household income in the municipalities in the Barcelona Metropolitan Area and districts of Barcelona, 2020.



Source: own work. Urban Agenda and Territory Secretariat using data on deposits placed with INCASOL.

In terms of access to rental property (Figure 1.10), **a household with an annual income of €25,000 is excluded from the rental market in 34 of 36 metropolitan municipalities** – the only affordable rents are in Badia del Vallès (13.5% of annual income) and Santa Coloma de Gramenet (29.5%) – **and from all districts in the city of Barcelona**. Rents in the municipalities of Sant Just Desvern (60.1%), Sant Cugat del Vallès (56.5%) and Tiana (51.4%), for example, as well as in the districts of Sarrià-Sant Gervasi (62.7%), Les Corts (53.4%) and L'Eixample (51.6%), are well out of reach.

On the other hand, **a household with disposable annual income of €35,000 can afford to pay rent in 27 municipalities in the metropolitan area and in four of the 10 districts in Barcelona**. The least effort is required in Badia del Vallès (9.7%), Santa Coloma de Gramenet (21.1%), Ripollet (21.8%) and Sant Andreu de la Barca (22.1%), and greatest in the district of Sarrià-Sant Gervasi (44.8%), followed by the municipalities of Sant Just Desvern (42.9%) and Sant Cugat del Vallès (40.4%), the districts of Les Corts (38.1%) and L'Eixample (36.9%), and the municipality of Tiana (36.7%).

Therefore, at a more detailed territorial scale, the possibilities of accessing used housing or renting for households in a lower income bracket (€25,000 annually) are poor and notably smaller than for the other analysed group (households with an annual income of €35,000).

The housing cost overburden rate

In the previous section we looked at how the gap between income and average housing prices affects the effort required to find a home. In this section, we focus on those households that have already accessed housing and use as an indicator the Housing Cost Overburden Rate (HCOR), which calculates the percentage of people who live in households that spend over 40% of their income on housing (rents, mortgage repayments and utility bills).

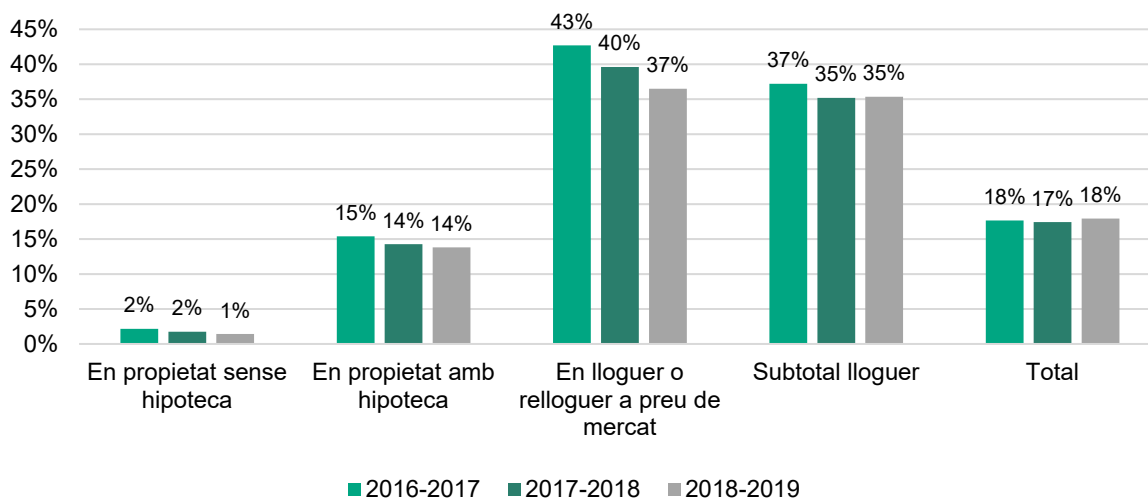
This threshold was established by the EU-SILC (*Statistics on Income and Living Conditions*) and is based on a comparison between different countries. In Spain the source of this information is the *Life Standards Survey* whose findings in some cases can be broken down individually for autonomous communities. As well, thanks to the *Metropolitan Standard of Living Survey*, we can further narrow our focus down to the level of Barcelona and the metropolitan area.

In this calculation of the HCOR in the Barcelona metropolis it is important to note that a methodological modification for calculating the overburden rate was applied to the EU-SILC system. In the case of people who live in households that are repaying a mortgage, the EU-SILC's overburden rate does not take into account as expenditure the depreciation of the mortgage loan (i.e. it only takes into account the interests) as it considers it to be an investment. Nevertheless, if we want to realistically stress the difficulties people have to pay their mortgages, it is more accurate to include all the costs of mortgage repayments. Thus, we have redefined the overburden rate to include both the outstanding interest and the repayment of the capital loan.

If we focus on the most recent data from 2018–2019 we see that the overburden rate is much greater in rental households (Figures 1.11, 1.12 and 1.13). However, there has been a slight fall in this rate in these two years

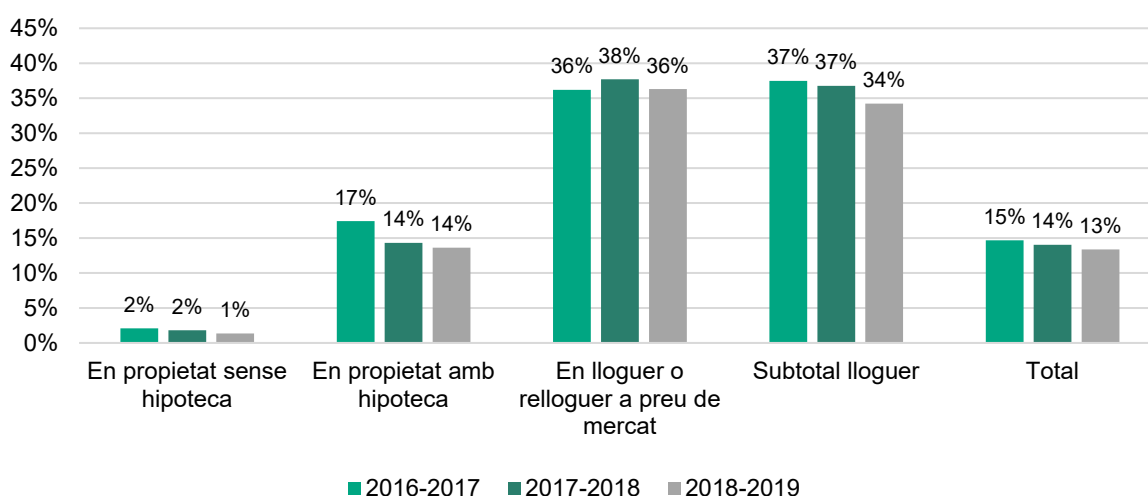
In the city of Barcelona (Figure 1.11) in 2018–2019 the overburden rate for the overall population was 18% (one point above the previous year); however, for the rental sector the rate was almost double and reached 35% (37% in the case of households with rents that match the market value). Among households living in their own properties but with outstanding repayments, this rate fell to 14% and in cases where there are no outstanding repayments (i.e. the only costs are utility bills), the overburden rate was just 1%. Currently, these rates are falling slightly, above all amongst the population who live in rental accommodation, where the overburden rate has decreased by three points in two successive years.

Figure 1.11. Evolution of the housing cost overburden rate by tenure in Barcelona, 2016–2019.



Source: Idescat and IERMB, Metropolitan Standard of Living Statistics

Figure 1.12. Evolution of the housing cost overburden rate by tenure in the metropolitan area without Barcelona, 2016–2019.



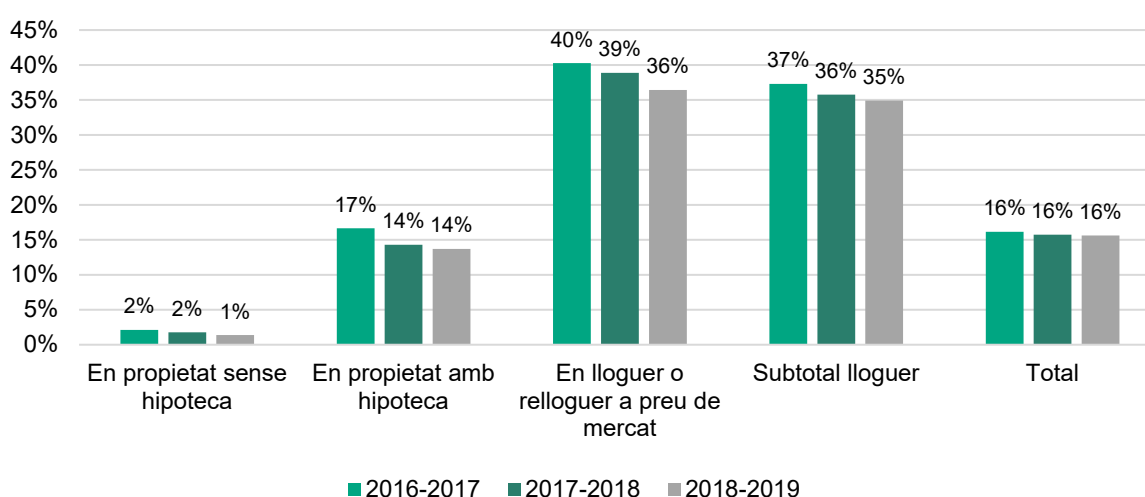
Source: Idescat and IERMB, Metropolitan Standard of Living Statistics

In the rest of the Barcelona Metropolitan Area (Figure 1.12) in 2018–2019, the overburden rate was 13% (one percentage point less than the previous year). As in the city of Barcelona, in the Barcelona Metropolitan Area tenants headed the overburden ranking with a rate of 35% (37% in properties rented at market prices). Amongst purchasers who were still paying off their mortgages, the overburden rate was 14% but fell to just 1% in homes without mortgages. In terms of the temporal evolution of these figures, the number of people living in properties with no outstanding repayments fell by one point but remained stable amongst people paying mortgages and tenants (fall by two points in the case of housing rented at market prices compared to 2017–2018)

If we compare the different rental overburden rates between Barcelona and the rest of the metropolitan area we see that values are comparable, which indicates that the crisis of access to rental accommodation is not limited to the city of Barcelona and is also clearly felt throughout the metropolitan area. It is worth noting that the total of all overburden rates do differ between the city and its metropolitan area (18% in Barcelona and 13% in the rest of the metropolitan area) given that, as we have seen above, the percentage of rental households in Barcelona is much higher than in the rest of the metropolitan area (where the percentage of owned properties is much higher).

If we look at all the data for all the municipalities in the Barcelona Metropolitan Area (Figure 1.13), the overburden rate for the population as a whole was 16% for 2018–2019, while for tenants it was 35%, for mortgage payers 14% and for non-mortgage payers 1%.

Figure 1.13. Evolution of the housing overburden rate by type of tenure in the whole metropolitan area, 2016–2019.

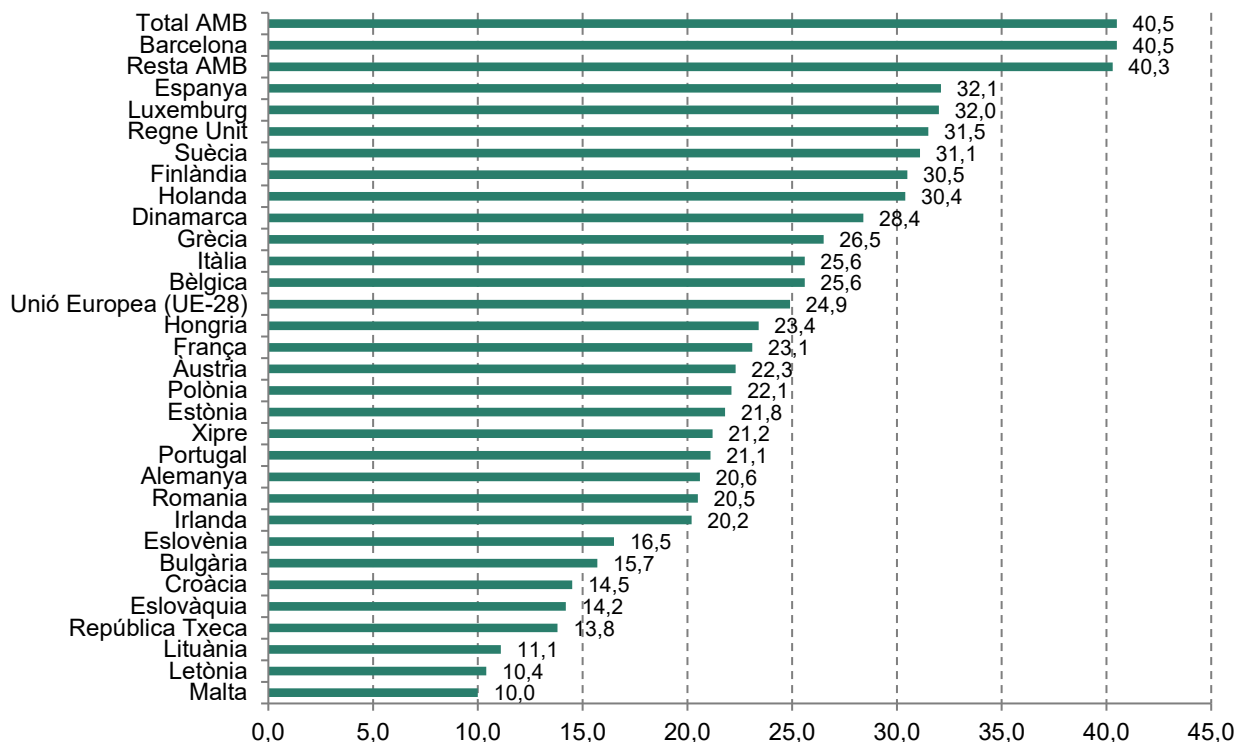


Source: Idescat and IERMB, Metropolitan Standard of Living Statistics.

To resume, **in 2018–2019 there was a slight fall or stability in the overburden rate for all types of tenure and in almost all territorial zones**, the only small increase being recorded in the city of Barcelona. The data for the past three years show that the figures for the metropolitan area are similar to those for the city of Barcelona, and that in both cases the rental sector is the most affected sector.

Another way of analysing the economic effort required by tenants is to make a comparison at European scale of the percentage cost of rents in relation to the income (Figure 1.14). According to this indicator, in 2019 of all EU countries Spain had the highest rental prices in relation to household disposable income. This figure was much higher in the metropolitan area and in the city of Barcelona itself (eight points above the national average and over 15 points more than the EU average).

Figure 1.14. Percentage of rental costs in relation to the total household disposable income in Barcelona, the rest of the metropolitan area, the whole metropolitan area and European countries, 2018–2019.



Source: Percentage of rental cost in Barcelona, the rest of the Barcelona Metropolitan Area, and all the Barcelona Metropolitan Area (2018/2019): IERMB and Idescat, Metropolitan Standard of Living Statistics; Percentage of rental costs in Great Britain (2018) and EU countries (2019), EUROSTAT, based on *European Survey on Income and Living Conditions*

To conclude, if we take into account these results and the efforts required to access housing it becomes clear that the rental sector is characterised by a dichotomy that it is worth highlighting here. On the one hand, (i) renting is the easiest way of accessing housing (even in a context of the need for great financial efforts) but that (ii) it is also relatively the most expensive way of living in terms of the costs of maintenance and permanence due, above all, to the fact that tenants generally have fewer economic resources (Observatori Metropolità de l’Habitatge de Barcelona, 2018b). These two sides to the coin show that, **although renting is in many cases the only way of accessing housing for a growing number of people in an increasing number of areas, the costs that tenants have to assume can seriously erode their domestic finances.**

○— 2. Exceptional housing policies in a context of a lack of affordable housing

The residential systems in the Barcelona metropolis and in Catalonia and Spain in general are characterised by much smaller social housing stocks and lower expenditure on housing than in other countries in our region (Trilla & Bosch, 2018). This situation not only puts more inflationary pressure onto household economies but also makes it more difficult to find solutions to the problems of housing vulnerability and residential exclusion (Donat, 2017).

In the Barcelona Metropolitan Area only 1.8% of housing stock is social housing (1.7% in Catalonia and 1.4% in Spain), whereas the average for the 29 European Union member states is 9% (Bosch & Donat, 2021). In the years 2000–2019 expenditure on social housing throughout Spain only reached 0.06% of the country's annual GDP, while investment in building and promoting construction projects was just 0.21% compared to 0.5% and 0.26%, respectively, in the EU².

Despite this, the 2021 annual Spanish state budget forecasts an increase of 25% in investment, which is designed to stimulate the construction of affordable housing as part of the *National Housing Plan*³. As well, under the auspices of the *National Plan for Recuperation, Transformation and Resilience*, €1,000 million of the EU's Next Generation funding will be spent on promoting 20,000 energetically efficient social housing units⁴. Last but not least, it is important to remember that other public-sector institutions are also working to reduce this relative deficit.

The aim of this review is not to analyse the causes of the structural deficit in housing policies in Catalonia and Spain; neither does it intend to examine the legislation and public investment taking place in the sphere of housing at every administrative level. Rather, it explores the exceptional policies that have been unfolded in recent months and years. Despite dating from before the pandemic, a good starting point as an extraordinary measure is Law 11/2020, 18 September, on rent contention and rental agreements, and on the modifications of Law 18/2007, Law 24/2015 and Law 4/2016 on protecting the right to housing. The second section in this chapter centres on the measures that have been implemented to confront the anticipated increase in situations of residential exclusion provoked by the COVID-19 crisis, with special attention paid to the measures applied by the Spanish government. Finally, a third section analyses the balance and the impact of these policies in the Barcelona metropolis based on information compiled from various sources.

2.1. Rent control in housing rental contracts

Within the framework of the crisis of access to housing and the deficits in the housing stock in recent years a variety of different measures and urgent policies have been unfurled to face up to situations of residential vulnerability and, ultimately, to prevent them from leading to situations of housing exclusion.

Nevertheless, as discussed in the first chapter of this review and in other studies, this crisis of access does not only affect the most vulnerable sectors of society as increasingly it is hitting broader social groups who largely **access housing by renting (Observatori Metropolità de l'Habitatge de Barcelona, 2018a, 2019, 2020c)**. Indeed, in order to halt the growing gap between household incomes and housing rents, the **Catalan Parliament passed Law 11/2020, 18 September, on rent contention and rental agreements, and on the modifications of Law 18/2007, Law 24/2015 and Law 4/2016, on protecting the right to housing**

² Own work based on the Eurostat, *General government expenditure by function* (COFOG). https://ec.europa.eu/eurostat/databrowser/product/view/GOV_10A_EXP?lang=en

³ Source: *Presidency of the Spanish Government*. <https://www.lamoncloa.gob.es/serviciosdeprensa/notasprensa/hacienda/Paginas/2020/031220-pge2021.aspx>

⁴ Source: *Ministry of Transport, Mobility and Urban Agenda*. <https://www.mitma.gob.es/ministerio/proyectos-singulares/prtr/vivienda-y-agenda-urbana/componentes>

Law 11/2020, that have been in force since 21 September 2020 when they were officially published in the Catalan statute book.

As their preambles states, these laws are exceptional, time-limited measures designed to complement other mid- and long-term policies implementable at different administrative levels whose aim is to increase the social housing stock.

To contain and moderate rents, certain areas have been declared *areas of housing concern*. Once declared, a maximum reference rent for new and renewed contracts is established for primary dwellings. Excluded are contracts that were valid before the law was passed — as long as the rental price or their duration are not increased as the result of a renewal.

Below we described some of the main elements of these laws, above all those that affect the maximum rent reference price and the procedures and requisites that have to be followed if a municipality or part thereof is to be declared an area of housing concern⁵. As well, this section includes a list of municipalities in which these areas have been declared.

The maximum reference price

The maximum reference prices are stated in the *Reference Index of rental prices*, which can be downloaded from the portal of the Catalan Housing Agency⁶. As well, if the dwelling has been rented in the five years before the law was enacted, the most recent rental price updated with the Guarantee of Competitiveness Index is another limit. In this latter case, the rent cannot exceed either of these two limits (with a few exceptions detailed in the guide published by the Catalan Housing Agency).

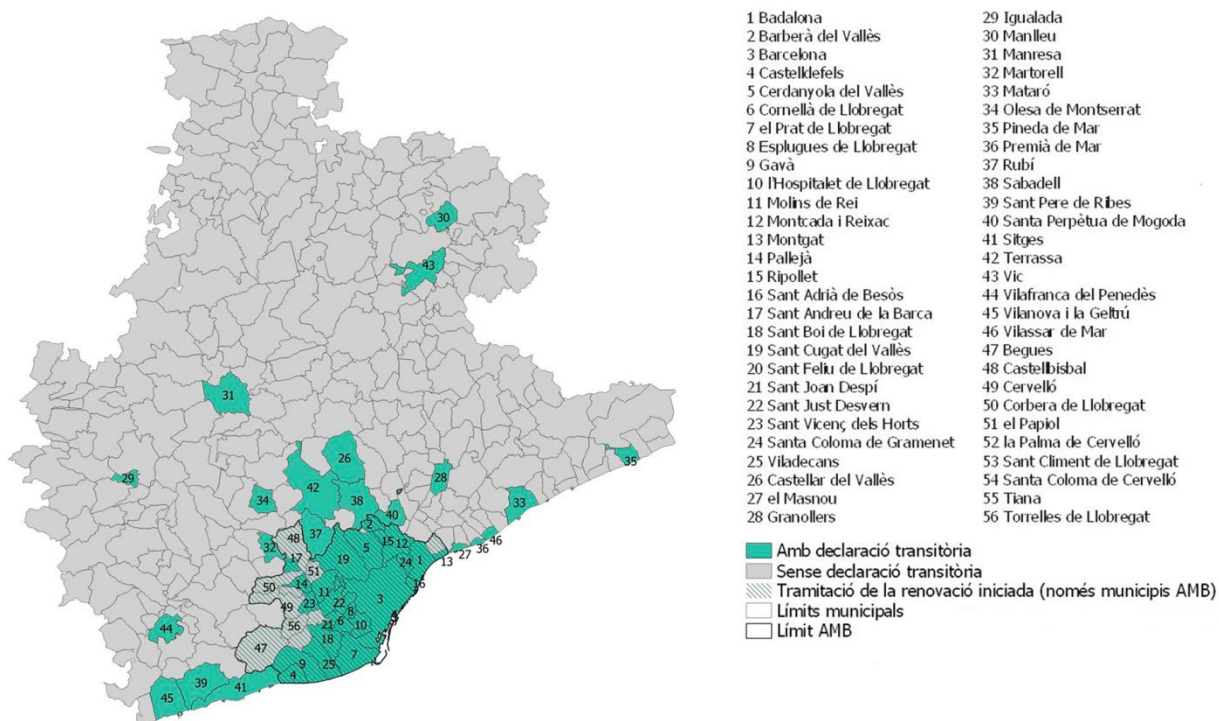
Territorial scope and temporary application

The territorial scope of application is the municipality or part thereof that has been declared an area of housing concern provided that all the requisites detailed below are fulfilled. Nevertheless, on a temporary basis for a single year an area of housing concern can be declared in municipalities that have a maximum reference price for rents if (i) rents increased by over 20% in the period 2014–2019 and (ii) it forms part of the Barcelona Metropolitan Area or is a town with more than 20,000 inhabitants. This is the case for the city of Barcelona, 24 other municipalities in the metropolitan area and 20 municipalities in the rest of the province of Barcelona (Figure 2.1), as well as 15 other municipalities in the rest of Catalonia.

⁵ For more details on reference prices, price increases and incidences that may occur, consult the law or the guide produced by the Catalan Housing Agency: <http://justicia.gencat.cat/web/.content/home/ambits/guia-llei-contencio-preu-lloguers.pdf>.

⁶ The details of the methodology used to calculate this index can be consulted at <http://agenciahabitatge.gencat.cat/indexdelloguer/>.

Figure 2.1. Municipalities in the province of Barcelona declared temporarily as areas of housing concern and municipalities in the metropolitan area that have begun the application to renew their declaration as areas of housing concern (26 June 2021).



Source: own work based on Law 11/2020 18 September, on rent contention and rental agreements and on data from the Barcelona Metropolitan Area.

How to declare an area of housing concern

The power to declare areas of housing concern and to supervise their application lies with the Catalan Government, Barcelona Metropolitan Area and Barcelona City Council in their respective territorial spheres. These bodies, as well as other municipalities and county and provincial councils, can decree in plenary sessions an area of housing concern. These temporary declarations ended on 21 September 2021, a year after the relevant law was published in the Catalan Statute Book. **By the end of June 2021 35 of the 36 municipalities in the Barcelona Metropolitan Area had initiated the application process in plenary sessions, of which 22 were included as temporary declarations** (Figure 2.1).

The requisites for declaring an area of housing concern

To declare a municipality or part thereof as an area of housing concern requires, firstly, that the municipality has calculated a rent reference index – 137 municipalities have done so – and then must fulfil at least one of the three following requisites:

- a) that the average rent has increased continuously and clearly above the average territorial rent in Catalonia;
- b) that the cost of renting as a percentage of the personal or family budget exceeds 30% or more of the total household income, or that the average rent in the municipality exceeds 30% or more the average income of people under 35 years of age;

c) that rents have increased in the five years before the application by an accumulated interannual increase of at least three percentage points above the Catalan interannual consumer price index.

Other conditions for declaring an area of housing concern

Three other aspects have to be fulfilled when declaring an area of housing concern in a particular area. Firstly, the duration of the declaration cannot be longer than five years; secondly, an increase of up to a maximum of 5% can be applied to the maximums and minimums established by the law for rents stipulated in signed contracts; and, finally, large dwellings (over 150 m²) are excluded from the rent contention scheme in areas of housing concern.

Actions in the field of housing that have to accompany the declaration

As noted above, **the declaration of areas of housing concern are regarded as an exceptional measure implemented in a context of the crisis of access to housing and the deficit in affordable housing. Thus, to be able to revert this situation in the mid- and long-terms, the declaration of an area of housing concern must be accompanied by a series of actions that the relevant administration – both the administration applying for the declaration and, if different, the administration that will concede it – are obliged to perform whilst the declaration is in force.** This will help mitigate or revert the situation of housing concern through the powers the relevant administration possesses and cooperation with other public bodies within the framework of local, supralocal and general housing planning and programming agreements.

The evaluation of the effects of rent control in Catalonia: initial considerations

As is well known, a multiplicity of demographic, economic, financial, political and psychological factors play a part in setting the housing prices that affect residential availability and demand. This review does not aim to enter into detail regarding all these factors, although it is important to bear this diversity in mind when evaluating housing policies.

In any evaluation of the impact of rent control it is essential to draw from previous work using studies based on theoretical models backed by an analysis of empirical data. Thus, it is necessary to determine to what extent the new regulations have had an effect on the observed evaluation of the rental market, that is, whether or not there is a causal relation (Coglianese, 2012). This principle is the basis of the experimental method in which the effect of a change is evaluated via the comparison of two groups that are equivalent in all senses except one: one group has been altered in some way (regulated group) but not the other (control group).

A first look at studies performed in Germany and France, where regulation measures have been implemented in recent years, shows, however, the difficulty in reaching this objective. Thus, a report by the DIW Berlin (Michelsen & Mense, 2018) commissioned by the German Ministry of Justice and Consumer Protection concludes that most studies of the effects of introducing rent 'braking' mechanisms in 2015 had no control group and so no conclusions regarding causal relationships could be deduced.

Only five of the studies of this subject included control groups. In four of these five cases, the chosen control group is recently constructed housing given that the German legislation excludes them from the rent 'brake'. However, this method is not applicable in Catalonia as new housing units that have been fully rehabilitated are regulated (i.e. their rents cannot exceed the upper limit of the price reference index). In the fifth of these studies (Kholodilin & Mense, 2016), the control group consisted of the municipalities in which the price 'brake' was not applied.

However, in all cases these are 'semi-experimental' measures (Coglianese, 2012) that do not allow definite conclusions to be drawn since the two observational groups (the regulated and control groups) are not otherwise the same in all respects. For example, in a comparison between regulated and non-regulated municipalities in Catalonia (feasible in Catalonia), the attribution of observed differences to the implementation of regulations assumes that, if no regulation exists, both groups – regulated and non-regulated – have evolved in the same way.

A study recently commissioned by the French Government (Malard & Poulhes, 2020) chose to project the evolution of prices before the regulation was introduced in 2015 in Paris. In this way, the study has a departure point with which to compare the observed evolution. This is a methodological approximation that complements the experimental method discussed above.

The Barcelona Metropolitan Housing Observatory is working on the compilation, comparison and applicability of these methodologies to the Barcelona metropolis. Two main conclusions have been drawn so far. **Firstly, any evaluation of measures of this type is most accurate in the mid- and long terms, above all if applied to historical series. Secondly, despite certain signs, currently no robust causal relationship (in any direction) can be established regarding the impact of rent control in Catalonia on average housing prices, which is made even more difficult by the impact of the COVID-19 crisis.**

Nevertheless, in order to contribute to the debate using information from reliable sources, we highlight here two dynamic processes that took place in 2020 in the rental market, which will be analysed in more detail in the following chapter: (i) the fall in average prices of new rental contracts occurring in 2020 and (ii) the increase in the number of rental properties on the market, above all in the city of Barcelona. Even though these data do not allow us to establish any causal relationship due to the methodological considerations outlined above, it is important to note that these observations are compatible with the objectives of the regulations introduced in Catalonia.

2.2. Exceptional housing measures aimed at limiting the impact of COVID-19 on residential exclusion

In the context of the deficit of affordable housing discussed above, the outbreak of COVID-19 led to the adoption of urgent exceptional housing measures at different administrative levels.

In the broad regulatory space affecting the housing sector, the efforts of the Spanish government, with its notable legal and budgetary capacity (above all given the context of the COVID-19 state of alarm), should be highlighted (see Annex 2). Specifically, between Royal Decree Law 6/2020, March 10, and Royal Decree Law 8/2021, 4 May, up to eight further pieces of legislation (RDL) were approved to broaden, correct or expand the content of earlier decrees. As well, three ministerial orders and two resolutions affecting housing have been enacted. Within this regulatory framework, it is worth adding Decree Law 37/2020, 3 November, on strengthening the protection of the right to housing in light of the COVID-19 pandemic, and the resolutions designed to execute the COVID-19 grants made by the Catalan Government.

The measures contained in this legal framework can be grouped into six broad categories: suspension of evictions, a moratorium on mortgages, the renewal of rental contracts, a moratorium on rental contracts, and credits and allowances to pay rents. Below we discuss each of these six measures in greater detail and provide a synthesis all this information in a table (Table 2.1).

Suspension of court-ordered evictions in the case of vulnerable households with no other place to live

These suspensions began with RDL 11/2020, 31 March, significantly modified by RDL 37/2020, 23 December. This latter RDL includes **situations of vulnerability** dating from before the pandemic and created more profiles of vulnerability that can be cited as motives for the suspension of an eviction. Specifically, as well as homes unable to pay their rents and those with rent arrears, this law now included households whose contracts have expired.

This regulation was also extended to households without contracts that are in situations of extreme need (as typified in Article 1 of RDL 37/2020: dependent persons, victims of gender violence, carers and people living in the same home as dependent people or with children) **provided that the owner of the property (natural person or legal entity) possesses more than 10 dwellings** (with some exceptions)⁷. Thus, **these measures are not applicable to all households without contracts and in this sense this legislation implicitly excludes any type of occupation of a dwelling that could involve unlawful or criminal activities. As well, these laws do not apply to the occupation of first or second homes owned by natural persons, regardless of whether or not they own more than 10 properties.**

Finally, the RDL 6/2020, 10 March, extended until 2024 the **suspension of evictions of vulnerable households that have lost their homes due to a mortgage foreclosure and have no other place to live**. This measure was implemented in Law 1/2013, 14 May and was in force until 14 May 2020. However, with Decree law 37/2020, 3 November, the Catalan Government consolidated the suspension of this type of eviction in all cases in which the owner was a large owner (a concept regulated by Decree Law 17/2019, 23 December).

In short, at the time of writing, **this suspension affects households in situations of vulnerability that are unable to pay the rent or whose contracts expire and have nowhere else to live. As well, it also covers some situations in which occupants have no contract of any type. In all cases, the situation of vulnerability could date from the beginning of the COVID-19 pandemic or from before.** This exceptional legal framework rolled out as a response to the pandemic will be in force until 9 August 2021, as stated in RDL 8/2021, the only exceptions being cases of occupation without contract by households whose mortgages have been foreclosed, which, according to RDL 6/2020, will be protected until the end of 2024.

Moratorium on monthly mortgage payments for borrowers who fulfil the criteria of economic vulnerability caused by the COVID-19 crisis

This measure consists of the **deferring of monthly mortgage payments including depreciation and interests, and can be applied for by borrowers who fulfil the criteria of economic vulnerability due to the COVID-19 crisis** as contemplated in the legal framework detailed above. The deferred payments will be paid after the final instalment of the loan has been paid, thereby increasing the number of repayments by the same number as were unpaid. This measure is regulated by RDL 8/2020, March 17, and RDD 3/2021, February 3, by which a request for a moratorium could be made until 30 March 2021, and extended the moratorium to a maximum of nine months.

⁷ See Article 1 of RDL 37/2020. The suspension of an eviction referred to in this article is not permitted if the occupation and/or permanence of a person in the dwelling fulfils any of the following criteria: a) when the occupation is of a dwelling belonging to a natural person used habitually as a legally registered primary or secondary residence, regardless of the number of properties owned by the natural person; b) when the occupation is of a dwelling owned by a legal entity that has donated the dwelling via a legal contract to a natural person who has legally established their primary or secondary residence there; c) when the entrance or permanence in the dwelling is the consequence of the commission of a crime; d) when there are clear signs that the dwelling is being used to perform illegal activities; e) when the entrance or permanence in the dwelling has occurred in public- or private-sector dwellings destined to be used as social housing if the dwelling in question has already been assigned to an applicant by the relevant managing authority; and f) when the entrance or permanence in the dwelling has taken place after the period of validity of this law

Exceptional extension of rental contracts

The exceptional extension for a maximum period of six months can be requested by all tenants and must be accepted by landlords unless they require the property for their use as a primary dwelling for either themselves, a close family member, an adoption, or for a spouse in case of a separation or divorce. This measure is regulated by RDL 11/2020, 31 March, and its application was extended until 9 August 2021 by RDL 8/2021, 4 May.

Moratorium or partial waiving of rent for people in situations of vulnerability caused by the COVID-19 pandemic

This moratorium (with a maximum of four monthly payments) or partial cancellation of a rent debt (rent reduced by 50% for four months) can be **applied for by economically vulnerable people due to the COVID-19 crisis**. The landlord can choose between one of these two options.

Landlords who are a public entity or large owner (natural person or legal entity with more than 10 urban properties not including storage space and garages, or a built surface area of over 1,500 m²) are obliged to accept this measure.

Also included **are all rentals contracted via the Social Housing Fund**, that is, all vulnerable households without alternative housing solutions subject to mortgage foreclosure (RDL 27/2021, 15 November, on urgent measures to protect mortgage defaulters).

In the case of the moratoriums, the deferred payments have to be paid as soon as the deferral comes to an end in instalments for at least three years beginning from the end of the COVID-19 state of alarm. This measure is regulated by RDL 11/2020, 31 March, and was modified by RDL 8/2021, 4 May, to extend its period of application until 9 August 2021.

Table 2.1. Synthesis of the exceptional measures implemented by the Spanish and Catalan governments during the state of alarm aimed at mitigating the effects of the COVID-19 crisis on residential exclusion 10 March 2020–29 May 2021.

Measures	Situations	Requirements	Type of owners/tenants	Valid until	Legal framework during COVID-19 (up to May 2021)	Maximum period of application
Suspension of evictions	. Non-payment of rent . Termination of rental contract	Situation of vulnerability with no housing alternative	All, unless they can demonstrate a situation of vulnerability	9 August 2021	. RDL 11/2020 . RDL 30/2020 . RDL 37/2020 . RDL 8/2021	Lifting of suspension by court or the end of the validity (9 August 2021)
	Occupation without contract	Circumstances of extreme necessity	Large owners and legal entities	9 August 2021	. RDL 37/2020 . RDL 8/2021	Lifting of suspension by court or the end of the validity (9 August 2021)
	Households with mortgage foreclosure	Situation of vulnerability with no housing alternative	Large owners and legal entities	31 May 2024	. RDL 6/2020 . Decree Law 37/2020	-

Moratorium on mortgages	Households in housing paying mortgage	Situation of economic vulnerability due to COVID-19	-	30 March 2021	. RDL 8/2020 . RDL 15/2020 . Resolution of 27 May 2020 . RDL 3/2021 . RDL 8/2021	-
Extension of rental contracts	Households living in rental housing	No requisites	All unless the owner requires the property as a primary dwelling	9 August 2021	. RDL 11/2020 . RDL 30/2020 . RDL 8/2021	. Six months
Moratorium on rents	Households living in rental housing	Situation of economic vulnerability due to COVID-19	. Large owners, companies and public bodies . Housing belonging to the Social Housing Fund (RDL 27/2012)	9 August 2021	. RDL 11/2020 . RDL 30/2020 . RDL 8/2021	. Four months
Interest-free loans for rental payments	Households living in rental housing	Situation of economic vulnerability due to COVID-19	All	9 August 2021	. RDL 11/2020 . Order TMA/378/2020 . Order TMA/1134/2020 . Resolution on 1 May 2020 . RDL 8/2021	. Six months
COVID-19 allowances for housing payments	Households living in rental housing	Situation of economic vulnerability due to COVID-19	All	The awarding of further grants suspended provisionally as of 4 June 2020	. RDL 11/2020 . Order TMA/336/2020 . Resolution TES/1047/2020 . Resolution TES/1199/2020 . RDL 26/2020	. Six months

Source: own work based on the legal regulations outlined in the text, the portal of the Ministry of Transport, Mobility and Urban Agenda, and the portal of the Catalan Housing Agency.

Interest-free loans for rental payments for people in situations of economic vulnerability due to COVID-19

This is a line of credits provided by the Official Credit Institute (OCI) for people in situations of economic vulnerability due to COVID-19 that offers the possibility of applying for a cost- and interest-free loan from the banks taking part in this programme. All those who can demonstrate a situation of vulnerability can apply for one of these loans regardless of the type of owner of the dwelling in which they live. These loans are compatible with any of the allowances regulated by the *National Housing Plan 2018–2021* and the COVID-19 financial aid programme for housing, as detailed below.

These credits are applicable for a maximum of six months and have to be paid back within six years (extendable by four years). **It should be noted that these credits can only be used for rental payments. This measure is regulated by RDL 11/2020, 31 March, and was extended by RDL 8/2021, 4 May, until 9 August 2021.**

Housing allowances for people in situations of economic vulnerability due to COVID-19

This new programme offers direct help for paying rent. According to Resolution TES/1047/2020, 12 May, the maximum payable allowance in the province of Barcelona is €750 and the total amount cannot exceed the rent stipulated in the rental contract.

This programme is designed to aid people in situations of economic vulnerability due to COVID-19 and can be used to pay all or some of a monthly rent, or to pay back one of the loans described above. It is regulated by RDL 11/2020, 31 March, and by Order TMA/336/2020, 9 April, and is contemplated as part of the new programme of the *National Housing Plan 2018–2021*, which has a financial prevision of €14.5 million for the whole of Catalonia. However, as of 4 June 2020 the awarding of these allowances has been suspended until the applications already presented can be evaluated to determine whether or not sufficient credit is available to satisfy further applications (Resolution TES/1199/2020, 29 May).

All these exceptional measures mandated during the COVID-19 crisis by the Spanish Government and put into practice by the Catalan Government as part of its powers over housing matters have been complemented by other measures executed by the Catalan Government and local administrations.

The Catalan Government has stopped demanding rental payments of all dwellings managed by the Catalan Housing Agency and has advanced the payment or rent allowances to people over 65 years of age and to women who are victims of gender-based violence.

Unfortunately, no detailed compilation has been made of all the wide range of measures implemented by town councils and other local administrations in the Barcelona metropolis, although it worth mentioning some of the most important measures executed by Barcelona City Council including the moratorium on the payment of rent in its social housing and on mortgages on dwellings in public housing schemes.

Likewise, to increase the availability of affordable housing, Barcelona City Council has set up a project that takes advantage of unoccupied tourist (HUTS) and student accommodation to provide emergency solutions for people and families in situations of social vulnerability⁸. As well, via the Municipal Housing and Rehabilitation Institute (IMHAB), the Council has promoted the industrialised construction of 212 dwellings that will take 37 (as opposed to 53) months to build, an action that is intended to rapidly increase the social housing stock⁹. Finally, as a complement to all this activity, the Council has signed an agreement with the social and cooperative housing sector whereby the Council provides municipally owned land and buildings for rehabilitation by social non-profit entities, which will increase the public-sector housing stock with 1,000 new rental and co-living housing units¹⁰.

From a European standpoint, the measures carried out in Spain are comparable to those implemented in other southern European countries such as Portugal and Spain¹¹, where public investment in social housing stock is similarly low. By contrast, in central and northern European countries including Germany and France, where housing policies targeting situations of residential exclusion are already integrated into the welfare state, there has been no need to pass additional legislation (Gigling, 2020) and measures have focussed largely on strengthening and broadening the scope of existing legal instruments.

In short, the exceptional housing measures developed since the beginning of the state of alarm have concentrated on suspending evictions, moratoriums on mortgages and rents, and the extension of expiring

⁸ Source: Barcelona City Council. <https://ajuntament.barcelona.cat/premsa/wp-content/uploads/2021/03/PXB-Informe-de-Seguitment-050321.pdf>

⁹ Source: Barcelona City Council. <https://ajuntament.barcelona.cat/premsa/2020/10/19/lajuntament-impulsa-212-habitatges-industrialitzats-per-reduir-el-temps-de-construccio-i-rebaixar-el-consum-energetic-i-les-emissions-de-co2/>

¹⁰ Source: Barcelona City Council. <https://ajuntament.barcelona.cat/premsa/2020/11/27/lajuntament-i-el-sector-de-lhabitatge-social-i-cooperatiu-signen-el-conveni-per-ampliar-el-parc-public-protegit-amb-1-000-nous-pisos/>

¹¹ With the exception of the moratoriums in Italy, although in this country allowances for rental payments for people in situations of vulnerability have been strengthened.

rental contracts. All this has been backed by loans and credits to pay housing costs, along with the suspension of rents in publicly owned housing.

In general, the measures adopted have not been across-the-board measures but, rather, have focussed on proven situations of vulnerability or extreme need in households, the exception being the renewal of rental contracts, which has been applied on a broad basis with only the exemptions detailed above. From the point of view of property owners, most measures only affect large owners and public entities and companies, the exceptions being the evictions and rental contract renewals that affect owners who are natural people owning fewer than 10 dwellings. Be that as it may, these measures have not meant any loss of income for landlords as the deferred payments are returned via exceptional grants and allowances designed to help pay rents.

2.3. An appraisal of the exceptional measures taken in the field of housing

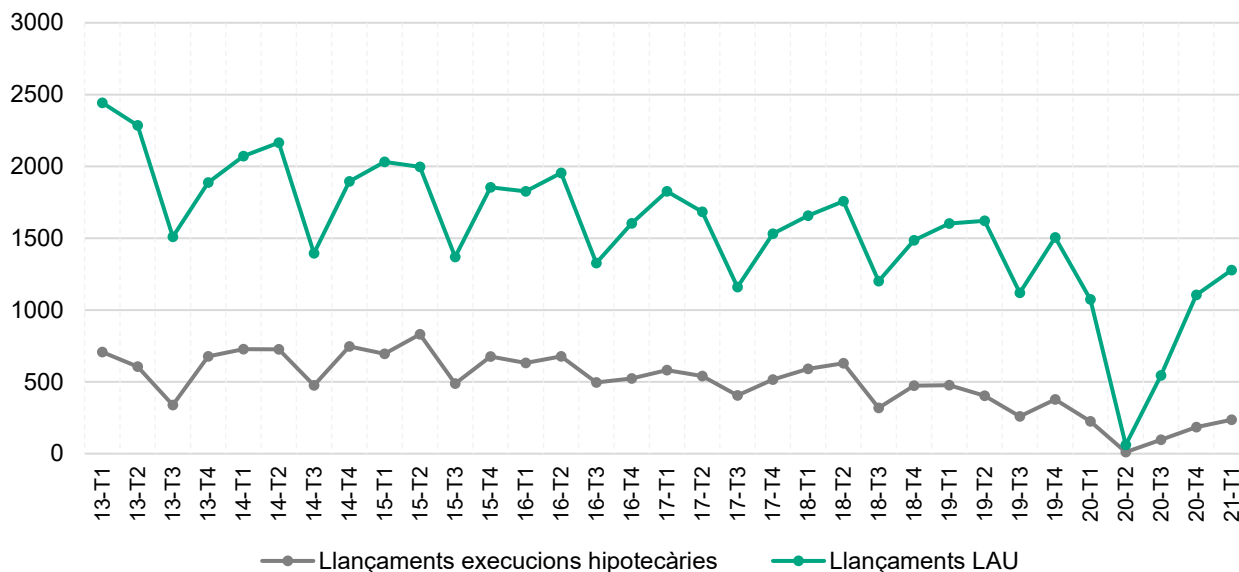
This section is based on data that allow us to quantify the extent and impact of some of the exceptional measures implemented to deal with residential exclusion during the COVID-19 crisis. In most cases, this initial appraisal combines data from different sources and territorial scales. Nevertheless, despite the difficulties in gaining standardised information, the Barcelona Metropolitan Housing Observatory team believes it is worthwhile undertaking this analysis and making it available to the public and agents working in the field of housing in Barcelona.

Forced evictions and the negotiations designed to stop eviction processes

As described in the previous section, one of the exceptional housing measures undertaken from the beginning of the state of alarm up to 9 August 2021 was the suspension of all court-ordered evictions of households in situations of vulnerability with no alternative residential solution. Two sources have been used here to perform a balance of these measures in the Barcelona metropolis: (i) information published by the General Council of the Spanish Judiciary on evictions ordered in the province of Barcelona and (ii) data from the Barcelona City Council's Anti-eviction Unit (only for the city of Barcelona). However, on first sight it seems that this data on evictions is not sufficient to evaluate the impact of these exceptional measures. The data refers to the orders dictated by the courts but, at least in the city of Barcelona and, due to a large extent to the exceptional measures implemented, most of these court orders were not executed given that temporary agreements had been reached between the two parts.

First, we present here the data from the General Council of the Spanish Judiciary, Figure 2.2 shows how most eviction orders were paralysed during the second quarter of 2020 but also how thereafter, as normal judicial life returned, the number of evictions due to mortgage foreclosures increased back to historically low values. In all, there were 236 court-ordered evictions in the first quarter of 2021, an increase of 225 over the first quarter of 2020. In the coming months it will be important to monitor the evolution of this metric in a post-COVID-19 scenario

Figure 2.2. Evictions in the province of Barcelona, first quarter 2013– first quarter 2021.



Source: General Council of the Spanish Judiciary, *Efecto de la crisis en los órganos judiciales*.

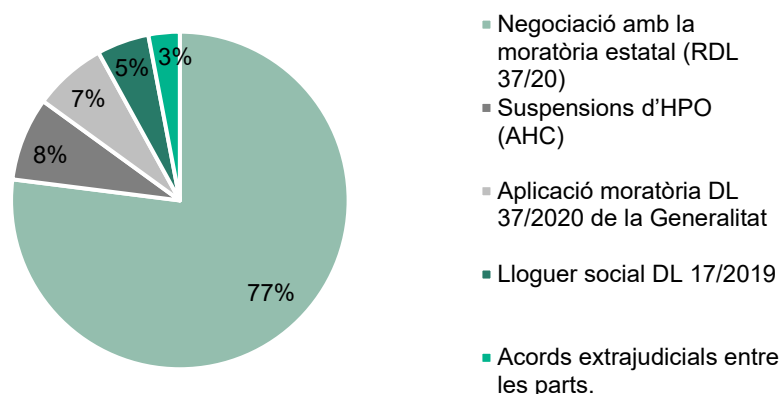
Figure 2.2 shows the sharp fall in evictions performed as a result of the non-compliance of the Law of Urban Rents (LUR) during the second quarter of 2020, when 62 evictions were carried out in the province of Barcelona. Since then, evictions performed via the LUR have increased and returned to pre-pandemic levels: in the first quarter of 2021 there were 1,278, an increase over the 1,074 practiced in the first quarter of 2020.

Despite the exceptional regulations unfolded during the state of alarm, evictions continued to be practiced by the courts and during the first quarter of 2021 numbers returned to pre-COVID-19 levels. Nevertheless, as discussed above, this first impression requires more detailed analysis if the impact of the exceptional measures on evictions is to be fully understood.

As stated in the document *Report on the eviction of vulnerable families in the city of Barcelona* (Unitat Anti-desnonaments de Barcelona, 2021), from 2021 onwards the city’s mediation services were able to halt many evictions and reach more agreements with owners: **between 18 January and 28 February 2021 the evictions of 80% of families in situations of vulnerability were halted on the doorstep**, whilst in the other 20% of cases the Anti-eviction Unit were able to reach last-minute agreements between the two parts.

Most of the agreements were reached due to the application of the exceptional legal framework (see above) that strengthened notably the measures implemented in previous years. Specifically, **in 77% of cases in which mediation was successful, suspensions or deferrals were achieved via the application of RDL 37/2020, 22 December**; in 8% of cases suspensions were of properties owned by the Catalan Housing Agency; in 7% of cases the moratorium contemplated by Decree-law 37/2020, 3 November, of the Catalan Government was applied; in 5% of cases households obtained a social rent via the application of Decree-Law 17/2019; and, finally, 3% of cases were settled via an out-of-court agreement between the two parts (Figure 2.3).

Figure 2.3. Main reasons for halting evictions in Barcelona, 18 January–28 February 2021.



Source: Barcelona City Council's Anti-eviction Unit: *Report on the eviction of vulnerable families in the city of Barcelona between 18 January and 28 February 2021.*

- . Negotiation after the state moratorium (RDL 37/20)
- . Suspensions of HOP (AHC)
- . Application of the moratorium approved in DL 37/2020 passed by the Catalan Government
- . Social rent DL 17/2016
- . Out-of-court settlements

Another piece of relevant information provided by the City Council's Anti-eviction Unit refers to the type of agreement reached when RDL 37/2020 was applied. These agreements range from the payment of rent, a suspension of an eviction to give time to enter into the Affordable Rent Register, the temporary adjournment of an eviction to allow families to access their homes and belongings, and the suspensions of the property or court proceedings, amongst others.

The data provided here show that, despite reaching their lowest level since 2013, the number of evictions practiced in the first quarter of 2021 returned to pre-COVID-19 levels. Nevertheless, a more precise analysis using the data published by the Anti-eviction Unit reveals that after a court-ordered eviction – and largely due to the exceptional regulations passed during the state of alarm – most evictions were halted before their date of execution, which enabled agreements to be reached and alternatives found.

As the mediation services note, the challenge is to ensure that the negotiation and any agreement between the two parties does its utmost to avoid the violence of an eviction and wasting the time and resources of the public administrations (Unitat Antidesnonaments de Barcelona, 2021). Finally, it should be noted that the situations generated by negotiations are generally partial solutions and that the overall aim should be to ensure the stability and security of the household as a guarantee of its fundamental right to proper and adequate housing.

Mortgage deferrals during the first months of the state of alarm

Along with the suspension of judicial eviction proceedings for households in situations of vulnerability without any residential alternative, another exceptional measure implemented during the pandemic was, as previously

mentioned, mortgage deferrals for households in situations of vulnerability as decreed by RDL 6/2020, 10 March.

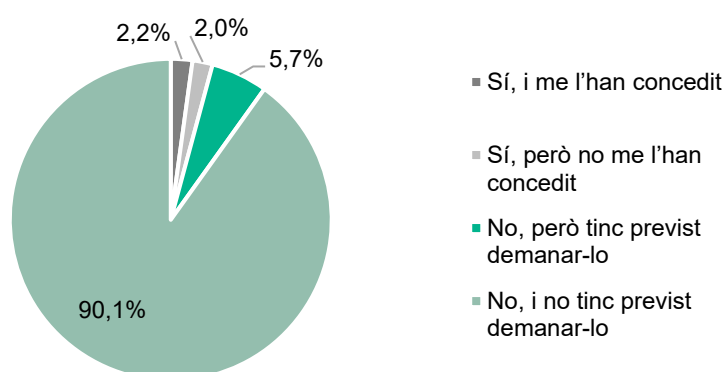
To explore the scope of this measure during its first months of application, the Barcelona Metropolitan Housing Observatory included questions on negotiations involving people paying mortgages in its survey *Living under Lockdown* carried out between 6 May and 7 July 2020. Some of the results obtained are presented below¹².

Before looking at specific results of the survey, it is worth recalling some contextual data regarding housing in Barcelona. According to the Metropolitan Living Standards Statistics (EMCV), in the Barcelona Metropolitan Area in 2017–2018 there were 1,352,037 households, of which 402,658 (30.4%) were rental properties, 588,083 (44.4%) were owned without outstanding mortgages, and 290,667 (21.9%) were properties with mortgages.

During the first months of lockdown, in the Barcelona Metropolitan Area 4.2% of households living in a dwelling for which they were still paying a mortgage applied for a deferral of their monthly payments (the equivalent of around 12,000 households). As well, of these households with mortgages, 5.7% (around 17,000 households) intended to apply for a deferral but had not done so (Figure 2.4).

Thus, in all, **9.9% of households paying mortgages in the Barcelona Metropolitan Area (approximately 29,000 homes) either applied or intended to apply for a deferral of mortgage repayments.**

Figure 2.4. Households with mortgages by type of deferral in Barcelona Metropolitan Area, 6 May–7 July 2020.



Source: O-HB, survey *Living under lockdown 2020*; n=1,129

. Yes, and my application was approved

. Yes, but my application was rejected

. No, but I intend to apply

¹² The data presented in this report refer to the Barcelona Metropolitan Area for which, after purging and validation, 4,537 valid questionnaires were available. For further details of methodological questions, as well as results, consult the laboratory: *Survey into living under lockdown. The negotiation of mortgages and rents* (Observatori Metropolità de l'Habitatge de Barcelona, 2020b).

. No, and I don't intend to apply

In terms of the success of applications for moratoriums, of the 12,000 households that applied to defer payment, approximately half of all petitions were conceded (2.2% of all homes with mortgages) while the other were refused (2.0%). Unfortunately, we have no information as to how many of these households found themselves in situations of vulnerability according to the legal definitions.

These data refer to the beginning of the state of alarm and give us some idea of the impact on households of the moratorium on mortgage repayments in the Barcelona Metropolitan Area.

Negotiations of rental conditions during the first months of the state of alarm

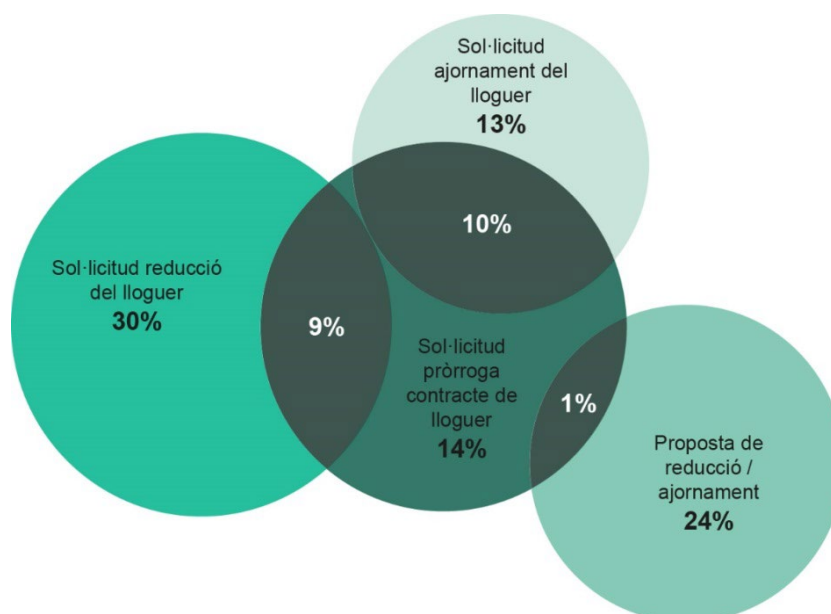
Published information that could be useful for studying how negotiations on rents during the COVID-19 crisis were carried out is much scarcer (at least at the time of writing). The data used here are derived from the survey *Living in Lockdown* carried out between 6 May and 7 July 2022, as explained above. This information thus provides an initial approximation to the negotiations carried out during the COVID-19 crisis and helps evaluate the effects of the exceptional measures adopted during the first months of the crisis.

An initial data to be taken into account is that, during the first few months of the pandemic, **a quarter (26%) of households began to renegotiate the conditions of their rental contracts**. Although we have no equivalent data from other periods, this figure is significant, above all because the survey finished on 7 July and the number of requests to review rents almost certainly increased thereafter.

The survey compiled information on four types of applications for rental negotiations: 24% of households requested a rent extension; 23% of households a rent adjournment; and 39% a rent reduction, while the remaining 25% received an offer from the landlord to adjourn or reduce the rent (Figure 2.5). As can be deduced from the sum of these percentages (Figure 2.5), there were some households that initiated more than one type of negotiation (although the statistical margin of error was too high to analyse them separately).

Figure 2.5. Type of negotiation of rental conditions in Barcelona Metropolitan Area, 6 May–7 July 2020.

Source: O-HB, survey *Living under lockdown*, 2020; n=331



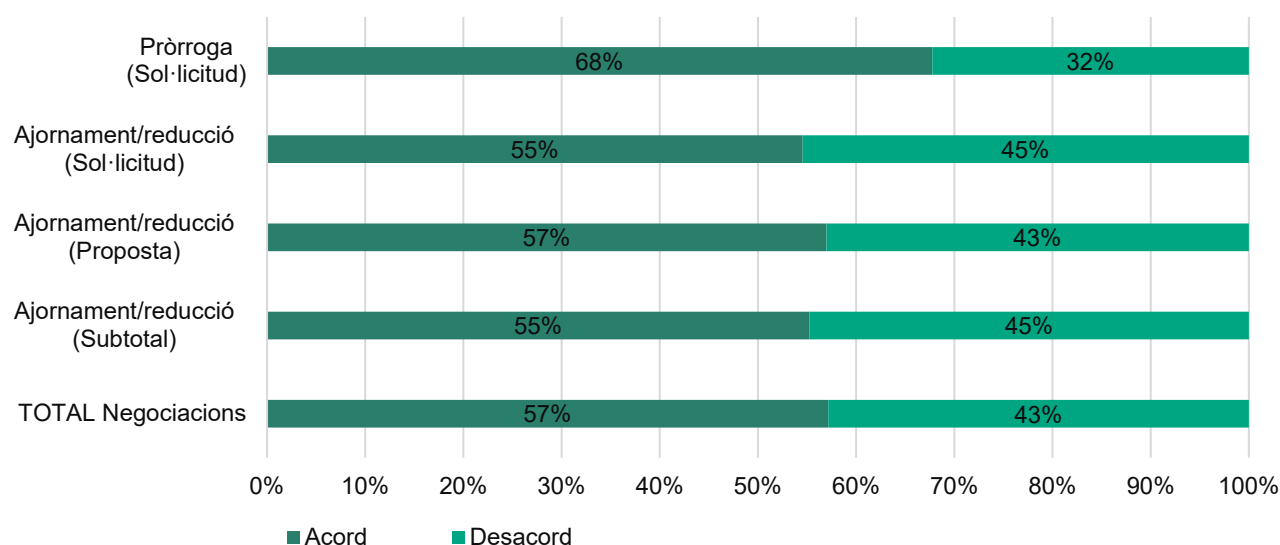
Of the requests for a rent extension, 68% were accepted and 32% refused (Figure 2.6). This result somewhat contradicts the fact that landlords had an obligation to agree on extensions for all households,

regardless of whether or not tenants were in a situation of vulnerability, which could be due to landlords' ignorance of their obligations and/or tenants' ignorance of their rights. It should be remembered, as well, that this survey was carried out during the months immediately after RDL 11/2020, 31 March, came into force. Nevertheless, the large percentage of extensions that were not accepted rather implies that many landlords had a low sense of co-responsibility.

In all, 55% of households reached agreements with their landlords and 45% did not during negotiations related to the deferment or lowering of rents. It is worth noting that success in negotiations was not determined by who took the initiative since the results were similar if it was the householders or landlords, 55% and 57%, respectively. Likewise, it is important to remember that rent adjustments were only mandatory in the case of large owners, companies and public-sector administrations, and if tenants were recognised as being in a situation of vulnerability. In all other cases, which were the majority, the spirit of the legislation was geared towards awakening a sense of co-responsibility amongst landlords, despite being based on frank negotiation between the two parts.

Thus, the only moderate level of success in the negotiations can be linked to the lack of co-responsibility felt by landlords during the sanitary and social emergency. Nevertheless, this conclusion cannot be applied across the board given that no details are available regarding the content of these negotiations; neither were the reasons for failures to reach agreement elucidated in the survey.

Figure 2.6. Results of the negotiations of rental conditions Barcelona Metropolitan Area, 6 May–7 July 2020.



Source: O-HB, survey *Living under lockdown*, 2020; Extension (applied for): n=120; Deferment/reduction (applied for): n=244; Deferment/reduction (proposed): n=78; Deferment/reduction (subtotal): n=322; Total n° of negotiations: n=764.

- . Application for a rental contract extension
 - . Application for a rent adjournment or reduction
 - . Proposal for a rent adjournment or reduction
- TOTAL negotiations

The results of the survey *Living under lockdown* show that **after the approval of the first exceptional measures during the first months of the pandemic, a significant part (26%) of households in rental accommodation in the Barcelona Metropolitan Area attempted to renegotiate the terms of their contracts. In all, 57% reached an agreement and the remaining 43% had to continue negotiating, change residence or accept an additional economic burden during the sanitary and social emergency.**

Rental allowances during the COVID-19 crisis

Another of the exceptional measures that was introduced to manage the effects of residential exclusion during the COVID-19 crisis was the creation of a new programme of grants and allowances to help pay rents. These payments targeted people who had entered into a situation of vulnerability due to the COVID crisis and were financed by the Spanish Government with extraordinary funding of €14.5 million set aside for Catalonia awarded via a further *National Housing Plan 2018–2021*.

The number of applications in Catalonia for these allowances was so high that the scheme had to be temporarily halted on 4 June 2020; by 31 March 2021 3,890 allowances had been awarded totalling €11.5 million (Serveis d'Estudis and Documentació d'Habitatge. Generalitat de Catalunya, 2021) in the Barcelona metropolis (Table 2.2).

Table 2.2. Extraordinary COVID-19 rent payments by territory (accumulated data as of 31 March 2021).

	Nº. payments	Sum
Barcelona	583	2,096,702.6 €
BMA without Barcelona	819	2,833,515.1 €
Total BMA	1,402	4,930,217.7 €
Province of Barcelona without BMA	1,396	4,123,691.4 €
All province of Barcelona	2,798	9,053,909.2 €

Source: Housing Studies and Documentation Centre. Generalitat de Catalunya (2021a)

These data reveal where and to what extent these payments were made. **Nevertheless, it should not be forgotten that they were the product of an exceptional measure and that these COVID-19 allowances were relatively of far less consequence than other pre-existing allowances. For example, for the whole of Catalonia in 2020 these payments only represented 3.9% of all allowances paid** (Serveis d'Estudis and Documentació d'Habitatge, 2021a).

○— 3. The impact of COVID-19 on the property market and the construction of new housing

In the first chapter of this document we analysed the main structural tendencies that characterise the current crisis in access to housing in the Barcelona metropolis, with special attention paid to the evolution of average prices over the past two decades. In this chapter, which is structured in three sections, the focus is placed on the conjunctural impact of COVID-19, with additional information provided on market dynamics.

The first section analyses the dynamics of the sale-purchase market based on transactions carried out and average prices in both the new and used housing markets. The second section centres on the rental market and uses data from a selection of the statistical sources that have been compiled in recent years by the Observatory. Finally, the third section answers questions related to house building from the perspective of both new constructions and rehabilitations.

3.1. The fall in sale-purchase operations and the moderation in average prices

After five years of increases in the number of sale-purchase operations, data from 2019 confirm the negative trend that began in 2018 in the city of Barcelona and extended to the rest of Catalonia. During this period, average house prices continued to rise in the Barcelona metropolis – albeit increasingly slowly – in a prolongation of the sustained growth that had occurred over the five previous years (Observatori Metropolità de l'Habitatge de Barcelona, 2018a, 2019, 2020c). With this as a backdrop, in this chapter we analyse the evolution of the housing sale-purchase market, with a special emphasis on the effects of the COVID-19 pandemic.

Sale-purchase transactions

The year 2020 saw a notable fall in the number of sale-purchase operations in the Barcelona metropolis that was most severe in the city centre, where 11,236 dwellings were sold, 24.5% fewer than the previous year. In the metropolitan area (excluding Barcelona) and in the rest of the province the decline was less notable but still significant, 14,528 and 23,017 operations, respectively, representing a fall of 16.0 and 15.9% compared to the previous year (Table 3.1).

Used housing continued to dominate the sale-purchase market at all three territorial levels: 93.2% in Barcelona, 80.7% in the rest of the metropolitan area and 91.1% in the rest of the province.

Table 3.1. Sale-purchase operations by territory and yearly quarter, 2019 and 2020.

		Barcelona			BMA without Barcelona			Province without BMA		
		2019	2020	Var 20/19	2019	2020	Var 20/19	2019	2020	Var 20/19
New housing	1T	260	186	-28.5%	387	518	33.9%	468	336	-28.2%
	2T	176	156	-11.4%	406	641	57.9%	505	391	-22.6%
	3T	122	285	133.6%	587	837	42.6%	437	583	33.4%
	4T	183	141	-23.0%	973	808	-17.0%	513	747	45.6%
	Annual	741	768	3.6%	2,353	2,804	19.2%	1,923	2,057	7.0%
Used housing	1T	3,592	2,967	-17.4%	3,693	3,000	-18.8%	6,249	4,981	-20.3%
	2T	3,828	2,000	-47.8%	3,872	2,191	-43.4%	6,624	3,712	-44.0%
	3T	3,117	2,356	-24.4%	3,402	2,700	-20.6%	5,713	5,029	-12.0%

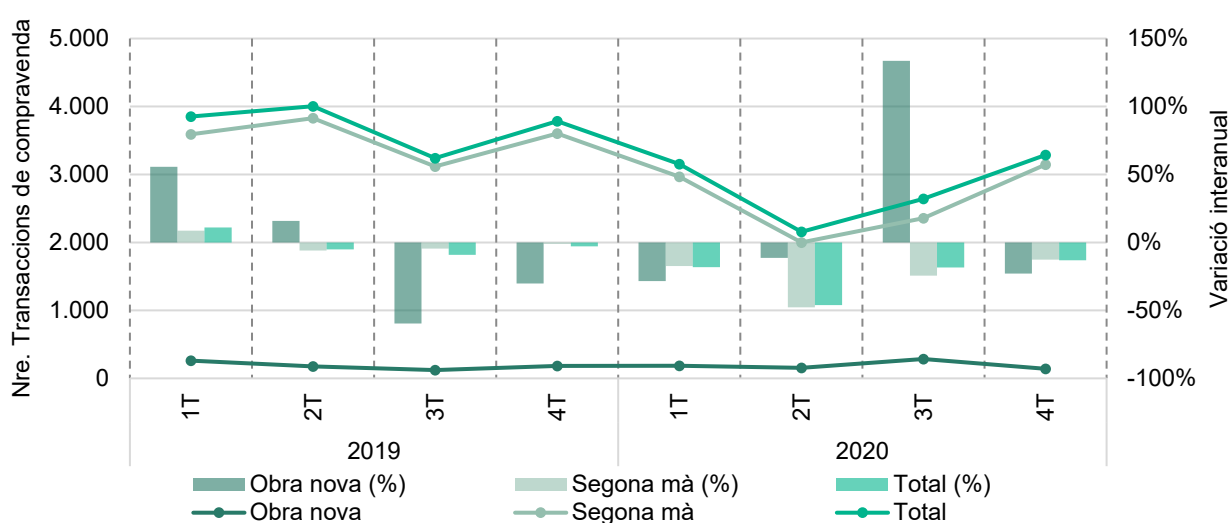
	4T	3,602	3,145	-12.7%	3,980	3,833	-3.7%	6,865	7,238	5.4%
	Annual	14,139	10,468	-26.0%	14,947	11,724	-21.6%	25,451	20,960	-17.6%
Total	1T	3,852	3,153	-18.1%	4,080	3,518	-13.8%	6,717	5,317	-20.8%
	2T	4,004	2,156	-46.2%	4,278	2,832	-33.8%	7,129	4,103	-42.4%
	3T	3,239	2,641	-18.5%	3,989	3,537	-11.3%	6,150	5,612	-8.7%
	4T	3,785	3,286	-13.2%	4,953	4,641	-6.3%	7,378	7,985	8.2%
	Annual	14,880	11,236	-24.5%	17,300	14,528	-16.0%	27,374	23,017	-15.9%

Source: own work. Ministry of Transport, Mobility and Urban Agenda based on data from the General Council of the Spanish Judiciary.

In the city of Barcelona (Figure 3.1) in all quarters in 2020 there was a notable fall in the number of transactions compared to 2019, above all in the months of April, May and June – coinciding partially with the full lockdown restrictions – that saw a fall of 46.2% (2,156 total transactions) compared to the same quarter in the previous year.

In 2020 the evolution of the new and used housing markets by quarter varied notably. Whereas the sale-purchase operations of new housing showed the largest fall in the first (28.5%) and final (23.0%) quarters in 2020, used housing transactions fell significantly in all four quarters of the year with, specifically, a fall of 47.8% in the second quarter of the year.

Figure 3.1. Sale-purchase transactions in Barcelona, first quarter 2019–fourth quarter 2020.



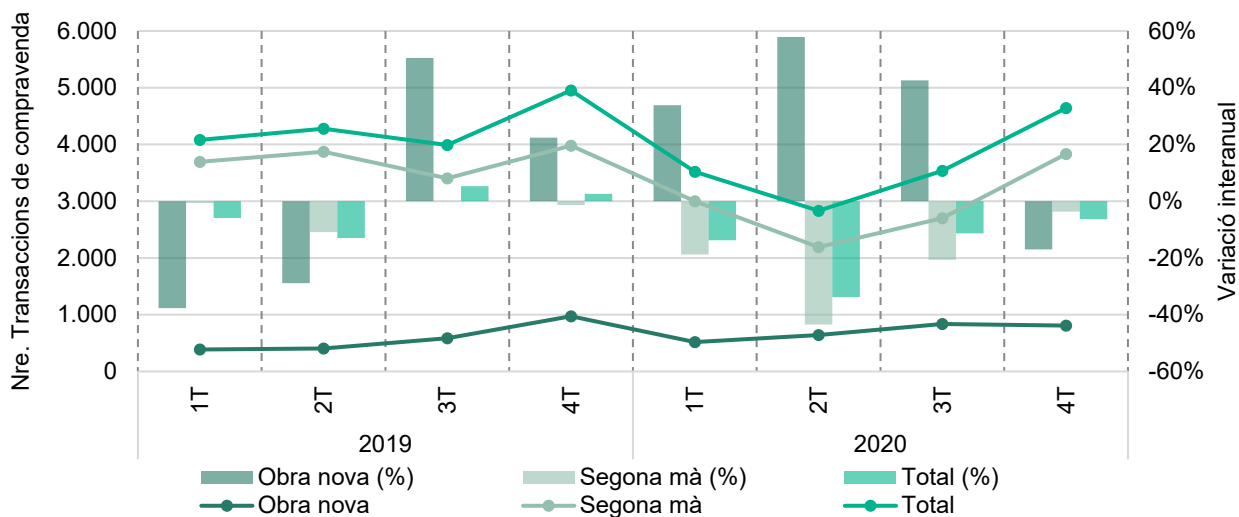
Source: own work. Ministry of Transport, Mobility and Urban Agenda based on data from General Council of the Spanish Judiciary.

In the rest of the metropolitan area (Figure 3.2) the largest – but less severe – fall in the number of operations compared to the previous year also occurred in the second quarter of 2020 (3,537 transactions, 33.3% fewer than the previous year). In the first and third quarters there were slightly smaller drops in the number of transactions (13.8% and 11.3%, respectively), while in the final quarter the fall was much less than in the other quarters in the year: only 6.3% fewer than in the same period in 2019.

Unlike in the city of Barcelona, in the rest of the metropolitan area a decline in the number of new housing transactions compared to 2019 was only recorded in the fourth quarter of 2020 (fall of 17.0%); in the rest of the year in this area there were relatively large increases in the number of transactions in the second (57.9%) and third quarters (42.6%). However, used housing sold-purchase operations fell throughout 2020 and

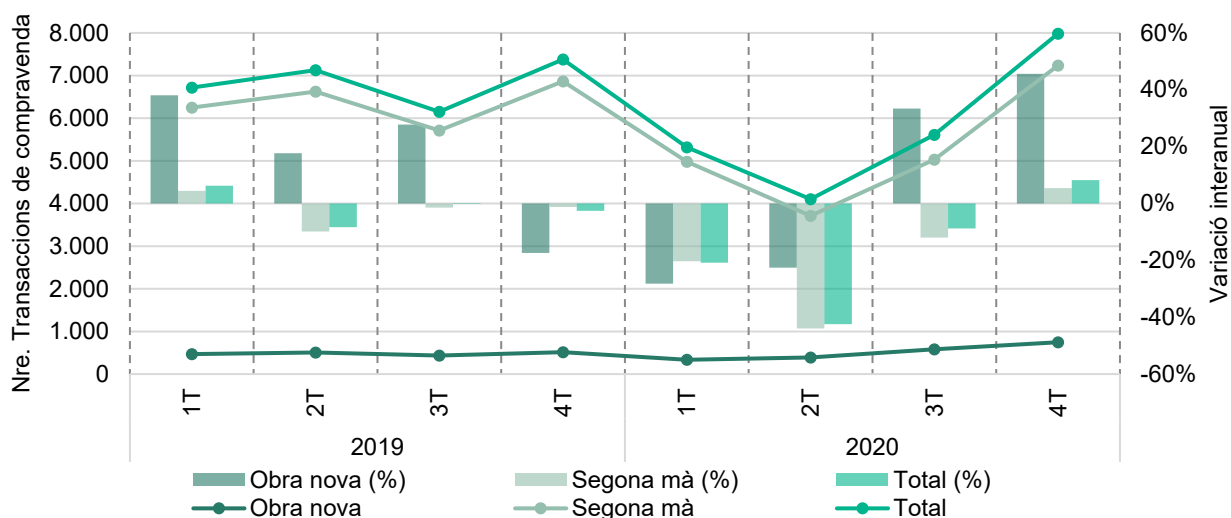
performed in a very similar way to the city of Barcelona: an important fall in the second quarter (43.4%) but less significant falls in the first (18.8%) and third (20.6%) quarters.

Figure 3.2. Sale-purchase transactions in the metropolitan area without Barcelona, first quarter 2019–fourth quarter 2020.



Source: own work. Ministry of Transport, Mobility and Urban Agenda based on data from General Council of the Spanish Judiciary..

Figure 3.3. Sale-purchase transactions in province of Barcelona without metropolitan area, first quarter 2019–fourth quarter 2020.



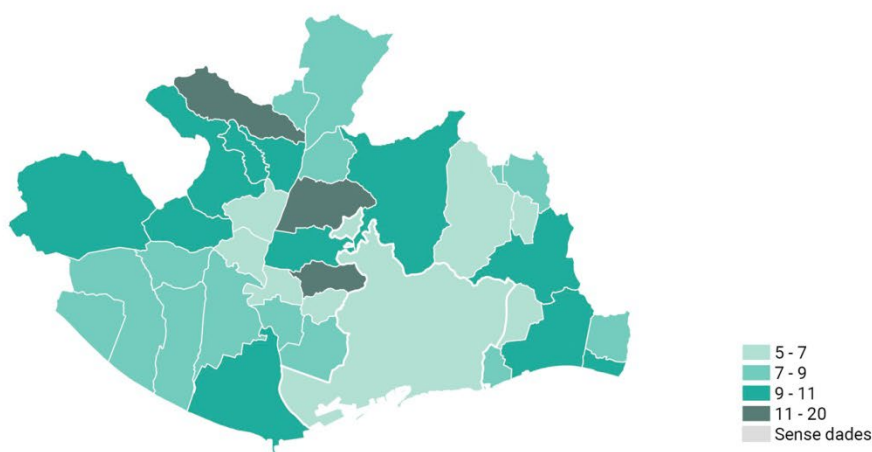
Source: own work. Ministry of Transport, Mobility and Urban Agenda based on data from General Council of the Spanish Judiciary.

In the rest of the province of Barcelona (Figure 3.3) the largest fall in the number of operations also took place in the second quarter of the year (42.4%) but, unlike in the other territorial areas, the number of transactions in the final quarter of 2020 increased by 8.2% compared to 2019. New housing transactions only fell in numbers during the first two quarters of the year (fall of 28.2% in the first and 22.57% in the second) and the only sector

in 2020 with an upturn in transactions was the used housing market, with 5.4% more operations than in the previous year.

In 2020, the behaviour of the market was not consistent at a more detailed territorial scale (Figure 3.4). Of note is the large number of sale-purchase operations per 1,000 inhabitants in the municipality of Sant Just Desvern (20.0), twice as high as any other municipality. For the third year running Sant Just Desvern headed the list of municipalities with most operations, followed by Molins de Rei (12.3 operations per 1,000 inhab.), Corbera de Llobregat (11.3), Badalona, Sant Cugat del Vallès, Sant Feliu del Llobregat and Torrelles de Llobregat (all 10.5 operations per 1,000 inhab.), all with significantly lower figures. At the other end of the scale, the municipalities with fewest sale-purchase operations were Santa Coloma de Cervelló (5.9 operations per 1,000 inhab.), Esplugues de Llobregat (6.0), Santa Coloma de Gramenet (6.8) and Sant Joan Despí (6.5).

Figure 3.4. Sale-purchase transactions per 1,000 inhabitants in municipalities in the Barcelona Metropolitan Area, 2020.



Source: own work. Ministry of Transport, Mobility and Urban Agenda based on data from General Council of the Spanish Judiciary; INE from the general population census.

To summarise, whereas the used housing sale-purchase market behaved similarly throughout (albeit with different levels of fluctuations), in all three territorial areas studied the new housing market varied greatly throughout the year. Thus, **operations in the used housing sale-purchase market clearly dropped in number in the second quarter of 2020 and there were slightly fewer losses in the fourth quarter, the exception being the province of Barcelona without the metropolitan area. By contrast, operations in the new housing market fell in the first quarter in Barcelona and in the rest of the province, but rose in the same period in the rest of the metropolitan area.** Furthermore, whilst in the capital and in the rest of the metropolitan area the year 2020 closed with a loss in the number of transactions compared to 2019, in the rest of the province there were significant gains.

However, given that there are far more transactions involving used than new housing, the overall figures show a strongly negative evolution for all quarters of 2020 and in almost all territorial areas (excluding the rest of the province of Barcelona, which showed gains in the fourth quarter). Therefore, the impact of COVID-19 was very significant in sale-purchase operations during 2020 and figures for neither Barcelona nor the rest of the metropolitan area returned to pre-pandemic values.

Average sale-purchase prices

In 2020 the average sale-purchase prices of housing increased at a somewhat slower rate than in the previous year. In Barcelona the increase in used housing was all but inappreciable (0.2%) and low (6.0%) in new housing; in the rest of the metropolitan area – where increases were more notable and resembled the previous year – the average price increased in used (3.5%) and more notably in new (10.4%) housing; finally, in the rest of the province the increase in prices was relatively insignificant in both used (3.0%) and new (2.0%) housing (Table 3.2).

In all the territorial areas analysed (except the province without the metropolitan area, where both types of housing varied in a similar fashion), the average price of new housing increased more notably than used housing.

Table 3.2. Average sale-purchase prices (€/m²) by territory and annual quarters, 2019 and 2020.

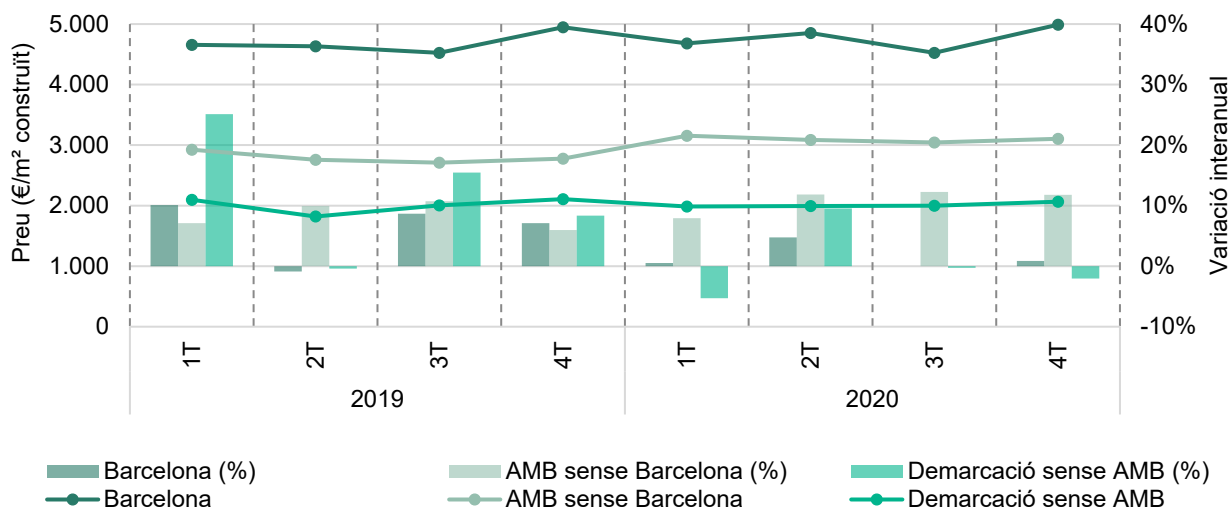
		Barcelona			BMA without Barcelona			Province without BMA		
		2019	2020	Var 20/19	2019	2020	Var 20/19	2019	2020	Var 20/19
New housing	1T	4,657.8	4,681.6	0.5%	2,923.6	3,155.3	7.9%	2,097.9	1,986.7	-5.3%
	2T	4,632.9	4,853.7	4.8%	2,758.6	3,085.4	11.8%	1,820.5	1,994.1	9.5%
	3T	4,524.8	4,524.8	0.0%	2,710.2	3,042.3	12.3%	2,004.2	1,998.8	-0.3%
	4T	4,947.2	4,989.8	0.9%	2,776.2	3,103.5	11.8%	2,107.7	2,064.7	-2.0%
	Annual	4,674.6	4,952.8	6.0%	2,812.4	3,103.9	10.4%	1,988.9	2,027.8	2.0%
Used housing	1T	4,041.6	4,063.5	0.5%	2,444.2	2,606.5	6.6%	1,808.1	1,914.8	5.9%
	2T	4,100.2	3,934.9	-4.0%	2,496.1	2,657.8	6.5%	1,820.0	2,006.2	10.2%
	3T	4,103.9	4,103.9	0.0%	2,583.4	2,616.5	1.3%	1,912.7	1,915.0	0.1%
	4T	3,976.6	4,091.8	2.9%	2,606.7	2,610.0	0.1%	1,958.2	1,901.1	-2.9%
	Annual	4,058.0	4,067.4	0.2%	2,530.6	2,620.0	3.5%	1,870.2	1,926.8	3.0%

Source: own work. Urban Agenda and Territory Secretariat based on data from Official Association of Catalan Property Registrars.

The average price of new housing (Figure 3.5) in 2020 reached 4,952.8 €/m² in Barcelona (a slight increase over 2019 and almost the same as the increase in that year), 3,103.9 €/m² in the rest of the metropolitan area, and 2,027.8 €/m² in the rest of the province (in the latter two cases, a much smaller increase than in the previous year).

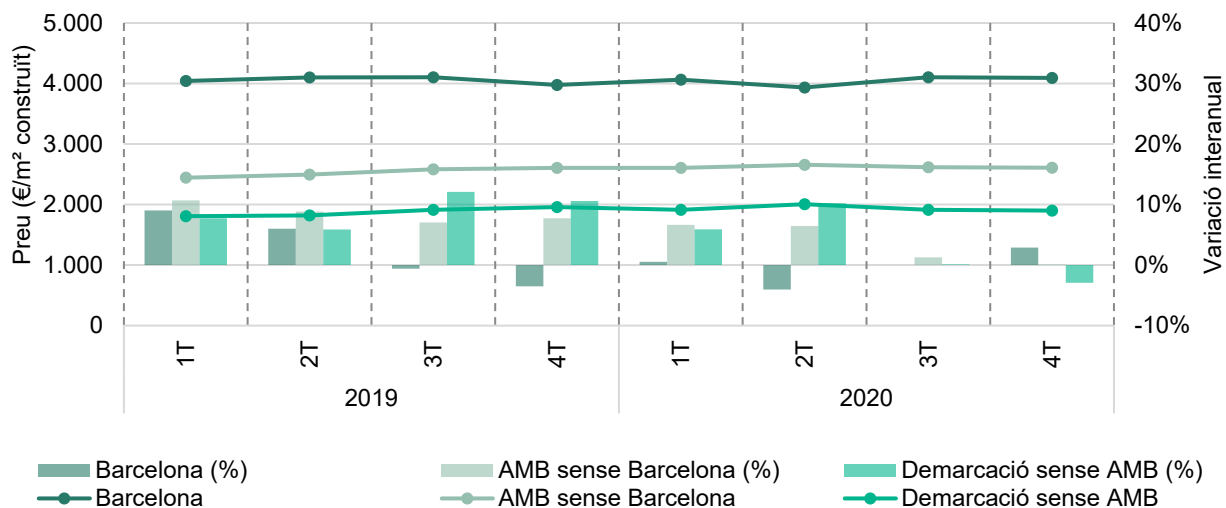
In the centre of the city and the rest of the province the greatest increases were in the second quarter of 2020 (4.8% and 9.5%, respectively, coinciding with the most restrictive of the exceptional measures introduced during the COVID-19 crisis), while during the rest of the year the interannual variation compared to 2019 was minimal or even negative. Conversely, in the rest of the metropolitan area there were significant increases in all quarters, above all in the second, third and fourth quarters of the year, that is, before (11.8%), during (12.3%) and after (11.8%) lockdown.

Figure 3.5. Average sale-purchase price of new housing by territory, first quarter 2019–fourth quarter 2020.



Source: own work. Urban Agenda and Territory Secretariat based on data from Official Association of Catalan Property Registrars.

Figure 3.6. Average sale-purchase price of used housing by territory, first quarter 2019–fourth quarter 2020.

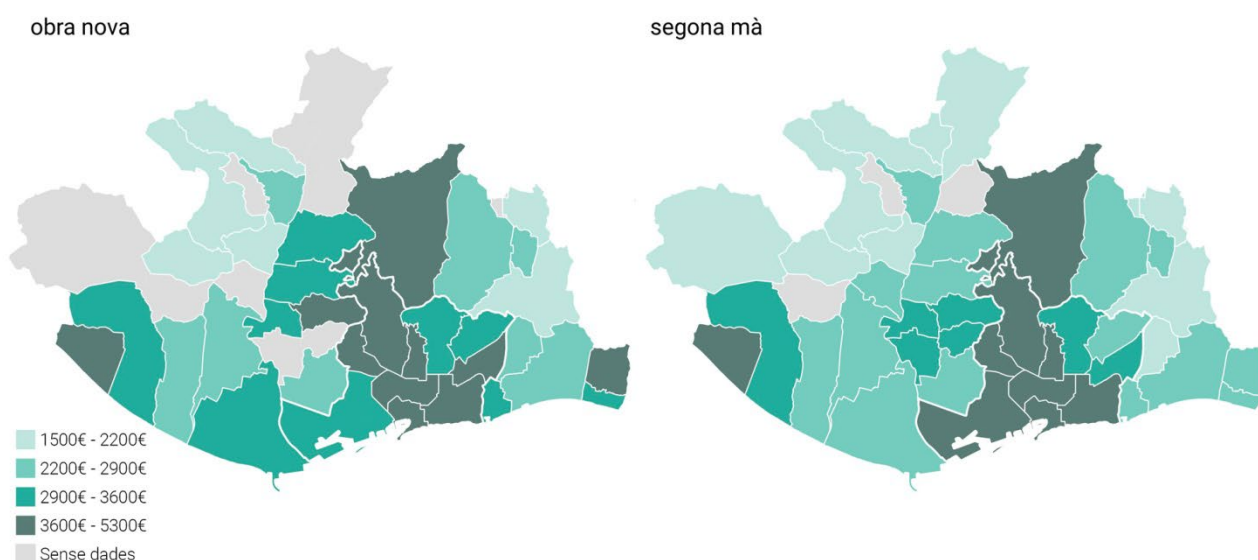


Source: own work. Urban Agenda and Territory Secretariat based on data from Official Association of Catalan Property Registrars.

For used housing, the average price in Barcelona was 4,067.4 €/m², 2,620.0 €/m² in rest of the metropolitan area and 1,926.8 €/m² in the rest of the province. Nevertheless, the behaviour of prices varied greatly by territory. Firstly, while in the city of Barcelona there was a slight decrease in price in the second quarter of the year (4.0%), in the rest of the province in the same quarter there was a significant increase in prices (10.2%). Moreover (and somewhat contradictorily), in 2020 in the city centre there was a small increase compared to 2019 (2.9%) but in the rest of the province there was a small fall in prices of 2.9%.

Furthermore, in the metropolitan area without Barcelona the growth in prices was most notable at the beginning of the year (increases of 6.6% and 6.5% in the first and second quarters, respectively) but gradually flattened off and stagnated by the final quarter of the year.

Figure 3.7. Average sale-purchase price of new and used housing (€/m²) in municipalities in the metropolitan area and districts of Barcelona, 2020.



Source: own work. Urban Agenda and Territory Secretariat based on data from Official Association of Catalan Property Registrars; INE based on general population census.

On a more detailed territorial scale (Figure 3.7), the highest average price of new housing was in the municipality of Esplugues del Llobregat (6,542.3 €/m²), followed by four districts in the city of Barcelona: Sarrilà-Sant Gervasi (6,234.1 €/m²), L'Eixample (6,119.2 €/m²), Sant Andreu (5,737.6 €/m²) and Les Corts (5,620.3 €/m²). At the other end of the scale, the lowest average prices were in the municipalities of Corbera de Llobregat (1,5,21.0 €/m²), Torrelles de Llobregat (1,547.2 €/m²), Cervelló (1,803.9 €/m²), Montcada i Reixac (1,937.0 €/m²) and Sant Vicenç dels Horts (1,943.4 €/m²).

In terms of used housing, all the highest prices were in districts of the city of Barcelona – Sarrilà-Sant Gervasi (5,251.2 €/m²), Les Corts (4,963.9 €/m²), L'Eixample (4,666.7 €/m²) and Ciutat Vella (4,110.7 €/m²) and the lowest in the municipalities of Corbera del Llobregat (1,603.3 €/m²), Cervelló (1,778.4 €/m²), Badia del Vallès (1,781.3 €/m²), Castellbisbal (1,815.10 €/m²), Torrelles de Llobregat (1,975.7 €/m²) and Montcada i Reixac (1,978.4 €/m²).

In summary, **a moderation in the rise in average prices of both new and used housing took place in 2020. This restraint had begun in 2019 but became more notable in 2020, above all in the used housing market that, as is well known, is the most important sector of the market. Thus, the trends due to the**

COVID-19 crisis came on top of tendencies that were already discernible in 2019 and engendered a sale-purchase market by the end of 2020 in which average prices had in general had grown very little and even decreased in some area. In any case, these tendencies will have to be confirmed – or otherwise – in the coming quarters.

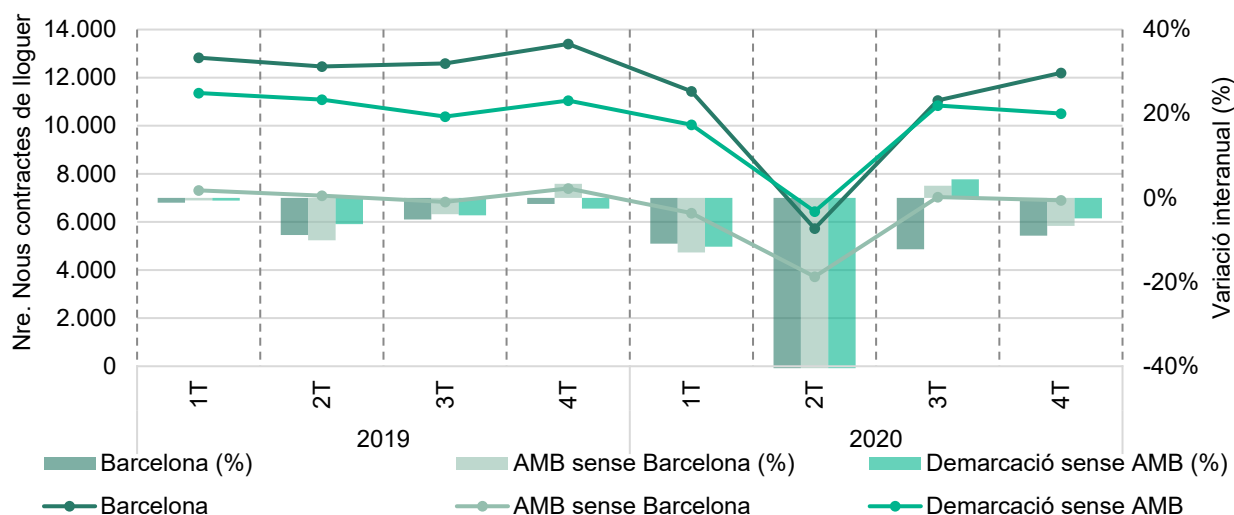
3.2. The decline in the number of rental contracts, excess supply and fall in average prices

Before analysing the impact of the pandemic on the rental market, it is worth remembering that the number of rental contracts in both Barcelona – where the variation was more serious – and in the other territorial areas fell in 2019 after a decade and a half of growth. As well, the average price continued to rise (as during the previous six years) throughout the Barcelona Metropolitan Area, albeit at a lower rate (moderation in average rents observable from 2018 onwards).

New rental contracts

During 2020 there was a very notable decrease in the number of rental contracts in all territorial areas. In the city of Barcelona, a total of 40,416 contracts were signed, a fall of 21.2% compared to the previous year, while in the rest of the metropolitan area (24,027 contracts) and province (37,828 contracts) there were similar declines of 16.1% and 13.8%, respectively.

Figure 3.8. New rental contracts by territory, first quarter 2019–fourth quarter 2020.



Source: own work. Urban Agenda and Territory Secretariat using data on rental deposits placed with INCASOL.

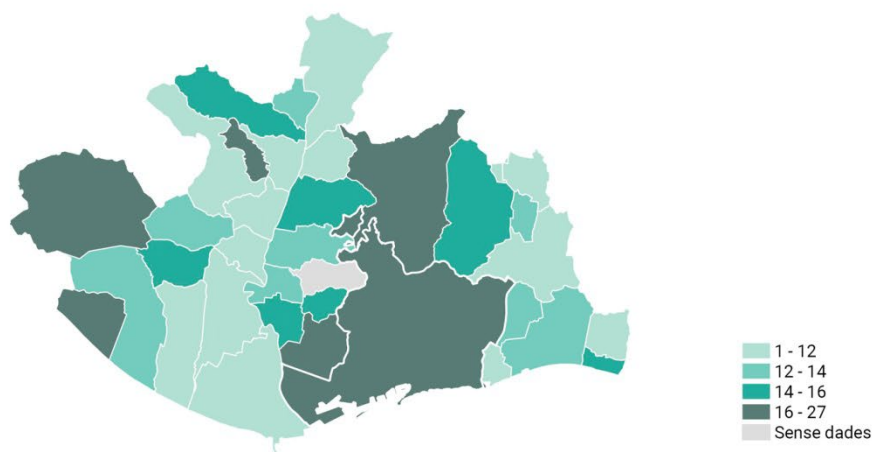
The quarterly evolution in the three territorial areas studied is characterised by a sharp drop in the number of rental contracts signed in the second quarter of 2020 (during lockdown) and by the clear difference in the yearly totals between the centre of the city and the rest of the territory. Whereas in the fourth quarter there were already signs of recovery in Barcelona, in the rest of the metropolitan area province there were still losses compared to the previous quarter (Figure 3.8).

In the city of Barcelona, the territory with numerically the most rental contracts, there was greater quarterly variation than in the other territories. The fall by 54.1% in the second quarter of the year compared to 2019 (5,727 new contracts) was partially compensated for by a recovery in the latter part of the year: in the final quarter of 2020 12,199 new contracts were signed, a fall of 9.0% compared to the same quarter in 2019.

In the rest of the metropolitan area the quarterly fluctuations were similar to those in Barcelona, the exception being the final quarter in which the number of new contracts signed was slightly lower than in the previous quarter. In the second quarter, the period with the greatest fall, only 3,725 new contracts were signed, a loss of 47.5% compared to 2019, and 6,903 in the fourth quarter, a loss of 1.8% compared to the previous year.

In the rest of the province of Barcelona, the number of contracts signed was very similar to the rest of the metropolitan area with just a few moderate variations: in the second quarter of 2020 (6,437 contracts) there was a fall of 42.0% and in the fourth (10,506 contracts) a fall of 4.9% compared to the same quarters in 2019.

Figure 3.9. Rental contracts per 1,000 inhabitants in municipalities in the Barcelona Metropolitan Area, 2020.



Source: own work. Urban Agenda and Territory Secretariat using data on rental deposits placed with INCASOL; INE: general population census.

At municipal scale (Figure 3.9), most rental contracts per 1,000 inhabitants were signed in Sant Just Desvern (27.3 contracts per 1,000 inhab.), Barcelona (24.3) and Sant Cugat del Vallès (20.6), followed by L'Hospitalet del Llobregat (17.9) and Castelldefels (17). At the other extreme of the scale (and a repetition of the situation in 2019), fewest contracts were signed in Badia del Vallès (1.8 contracts per 1,000 inhab.), Sant Vicenç dels Horts (8.8), Santa Coloma de Cervelló (8.7), Pallejà (9) and El Papiol (9.3).

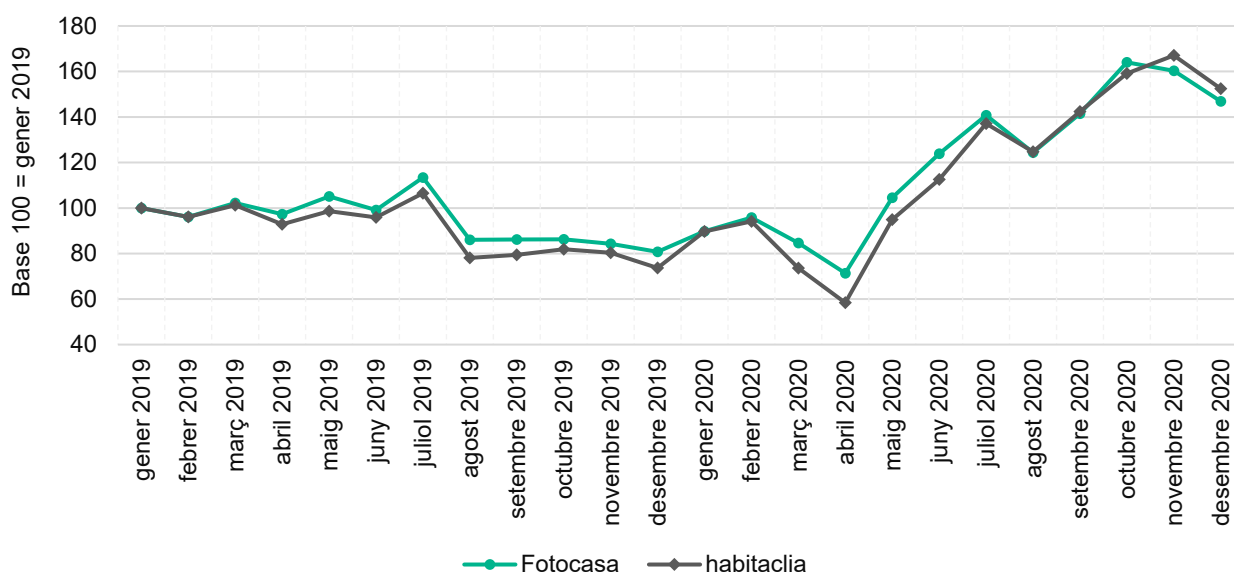
The evolution in the availability of rental housing

In large part due to the decrease in the number of new rental contracts (see above), **during 2020 the number of dwellings for sale grew**, as shown by data provided by the real-estate portals of the Adevința group (Figures 3.10, 3.11 and 3.12).

In Barcelona data supplied by real-estate portals showed peaks in availability in October 2020 (Fotocasa, 164 points) and November 2020 (habitaclia, 167 points). In the rest of the metropolitan area the peak was in July 2020 according to both portals (124 and 166 points, respectively), and in the metropolitan area of influence¹³ in June (116 points) and July (103 points), according to Fotocasa and habitaclia, respectively.

Thus, **in all the territorial areas the number of available rental dwellings increased in 2020 to their maximum values. In Barcelona, the highest point was reached in the fourth quarter, while in the rest of the metropolitan area the peak occurred in the third quarter, and in the rest of the metropolitan area of influence between the end of the second and beginning of the third quarters.**

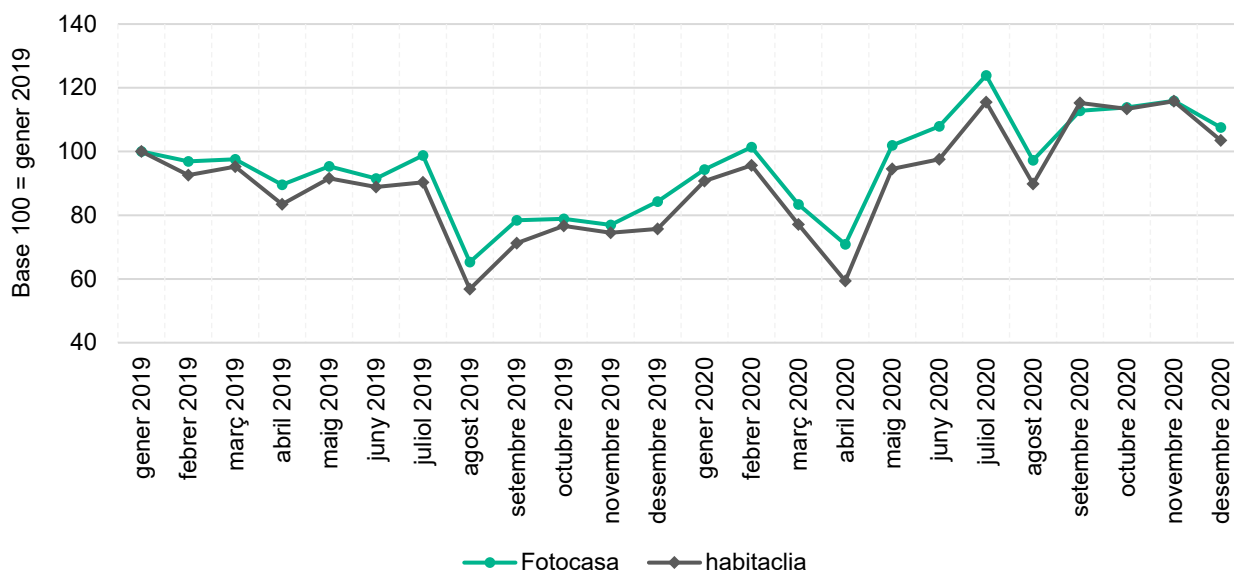
Figure 3.10. Evolution in the number of multi-family dwellings for rent in the city of Barcelona, January 2019–December 2020.



Source: own work using data provided by the Adevinta group.

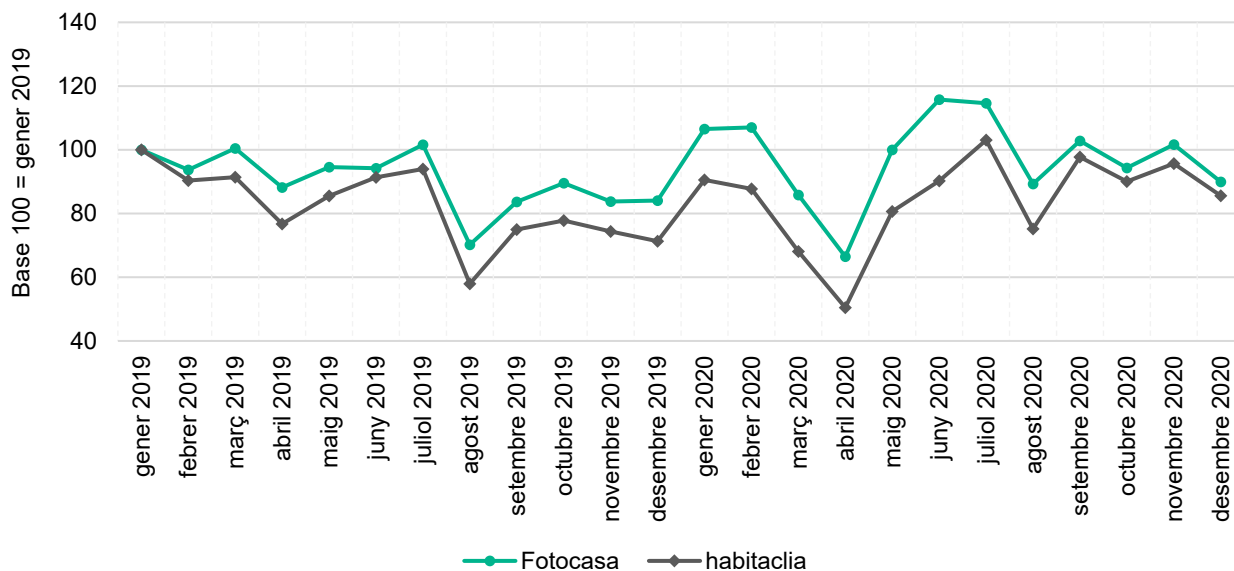
¹³ Due to the availability of data, in the following section the reference area referred to is the 'metropolitan area of influence' rather than the province of Barcelona, which is otherwise used throughout this report. This area of influence refers to the eight planning areas defined in the Catalan General Territorial Plan. Since 2010, this area has consisted of five counties (Barcelonès, Baix Llobregat, Maresme, Vallès Oriental and Vallès Occidental) and 131 municipalities, an area that is smaller than the province of Barcelona, which has 311 municipalities.

Figure 3.11. Evolution in the number of multi-family dwellings for rent in the metropolitan area without Barcelona, January 2019–December 2020.



Source: own work based on data provided by the Adevinta group.

Figure 3.12. Evolution in the number of multi-family dwellings for rent in the rest of the area of metropolitan influence, January 2019–December 2020.

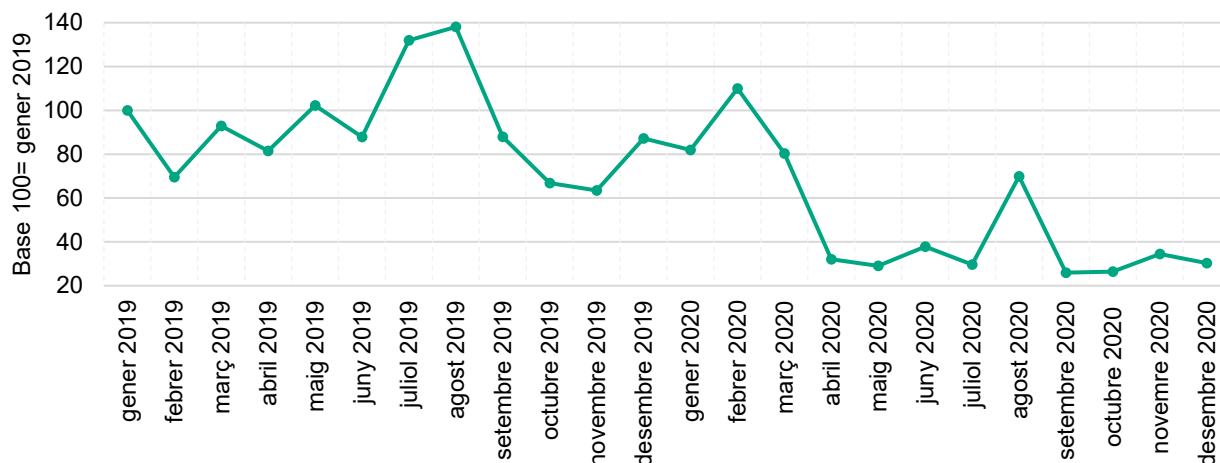


Source: own work using data provided by the Adevinta group.

Notably, the increase in the number of dwellings for rent was more significant in Barcelona than in the rest of the territory, which indicates that, amongst other factors, the move from the tourist to the permanent market

probably stimulated an increase in the availability of rental accommodation. The data gathered by the portal AirBnB (Figure 3.13) accurately depicts this drop in the amount of tourist accommodation on the market.

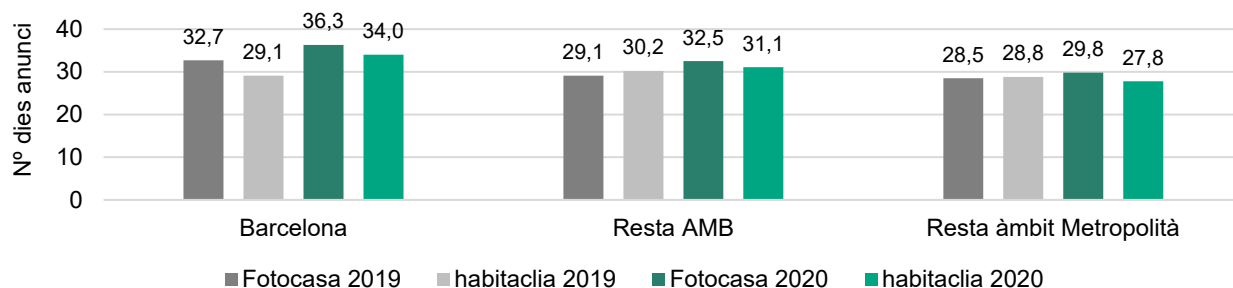
Figure 3.13. Evolution of tourist rentals in Barcelona, January 2019–December 2020.



Source: own work using only registrations of tourist accommodation on the portal Inside AirBnB.

Another way to evaluate the increase in the volume of offers for rental homes is to study the evolution of how long average listings last on real estate portals (Figure 3.14). According to data from Fotocasa and habitacalia, in 2020 in Barcelona listings lasted almost 4–5 days longer than the average for the previous year, and 1–4 days longer in the rest of the metropolitan area.

Figure 3.14. Average duration of listings of single- and multi-family accommodation by territory, 2019 and 2020.



Source: own work using data provided by the Adevinta group.

The behaviour of average rental prices

There were significant differences between territorial areas in the evolution of the average price of rental contracts in 2020. **According to the data on the rental deposits placed with INCASOL (Table 3.4), in the city of Barcelona the average rent fell slightly in 2020, a tendency that was accentuated in the second to fourth quarters of the year (fall of 5.7% in the third quarter compared to 2019). By contrast, in the metropolitan area and in the rest of the metropolitan area of influence, this fall in prices did not begin**

to be noticeable until the final quarter of 2020 (fall in average rents of 0.4% and 2.1%, respectively, in the final quarter of the year compared to the previous year).

The average annual price of contracted rents in Barcelona was 964.8 €/month (a fall of 1.4% compared to the annual value for 2019), in the rest of the metropolitan area 794.3 €/month (an increase of 2.8%), and in the rest of the metropolitan area of influence 688.31 €/month (an increase of 1.1%).

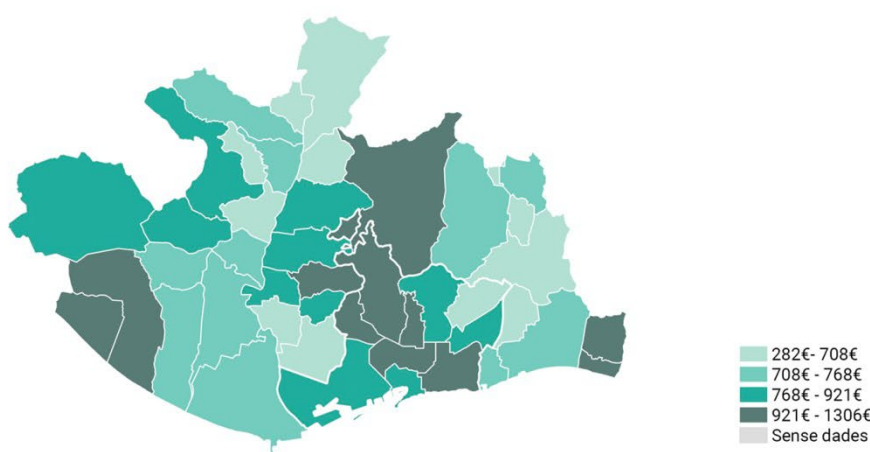
Table 3.4. Average rental prices by territory (€/month) by quarter, 2019 and 2020.

	Barcelona			BMA without Barcelona			Rest of BMA area of influence		
	2019	2020	Var 20/19	2019	2020	Var 20/19	2019	2020	Var 20/19
1r quarter	944.4	980.5	3.8%	755.1	783.3	3.7%	661.2	679.9	2.8%
2n quarter	968.9	960.1	-0.9%	763.5	799.5	4.7%	671.8	696.7	3.7%
3r quarter	1,005.8	979.4	-2.6%	788.6	816.5	3.5%	695.7	713.4	2.5%
4rt quarter	995.6	939.1	-5.7%	783.1	779.8	-0.4%	690.2	675.7	-2.1%
Annual	978.8	964.8	-1.4%	772.9	794.3	2.8%	681.0	688.3	1.1%

Source: own work. Urban Agenda and Territory Secretariat using data on rental deposits placed with INCASOL.

At a more detailed territorial scale (Figure 3.15), the highest rents were in the district of Sarrià-Sant Gervasi de Barcelona (1,305.7 €/month), the municipalities of Sant Just Desvern (1,251.5 €/month) and Sant Cugat del Vallès (1,177.9 €/month), and the districts of Les Corts (1,112.50 €/month) and L'Eixample (1,075.4 €/month). At the other end of the scale, the lowest rents were in the municipalities of Badia del Vallès (281.6 €/month), followed by Santa Coloma de Gramenet (614.5 €/month), Ripollet (635.8 €/month), Sant Andreu de la Barca (643.8 €/month) and Montcada and Reixac (€649.0 €/month).

Figure 3.15. Average rent (€/month) in municipalities in the Barcelona Metropolitan Area and districts of Barcelona, 2019–2020.



Source: own work. Urban and Territory Agenda Secretariat using data on the deposits placed with INCASOL; Idescat, General Population census.

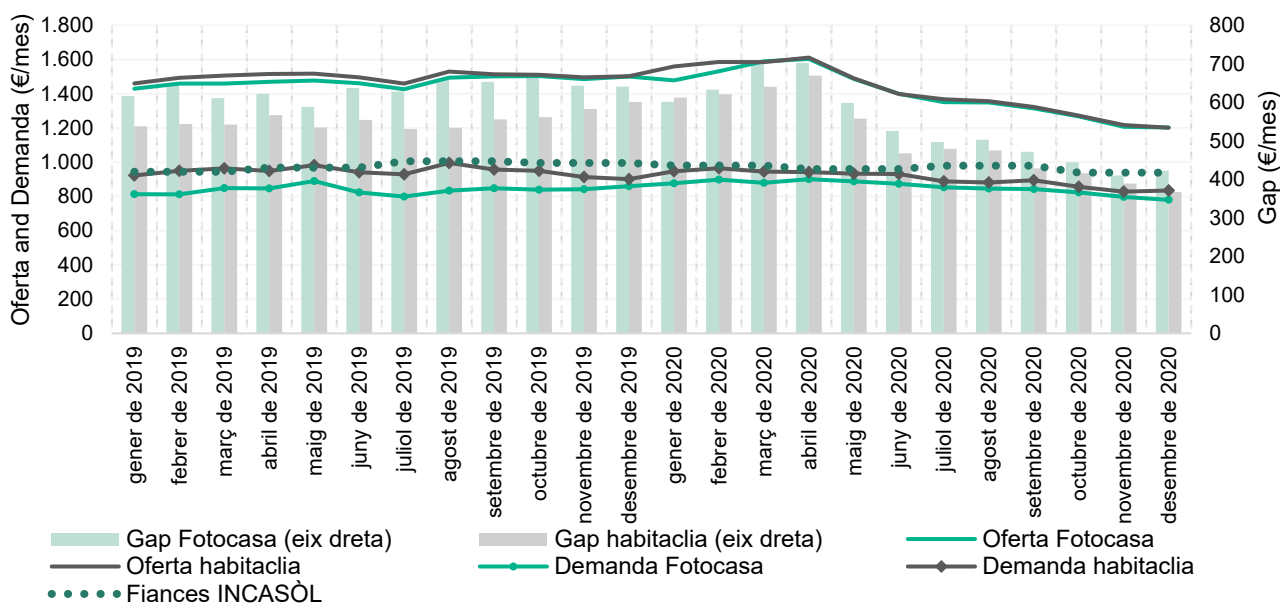
Thus, the figures from the final quarter of 2020 suggest that the fall in rent prices will be more apparent in 2021 in all the studied territorial areas. It is important to appreciate that after five years of increases in

rent prices, in 2019 and in the first months of 2020 the rise in rent prices slowed. This is supported by data provided by the portals Fotocasa and habitacalia regarding average rents and contacts with potential clients answering advertisements. It is important to underline that this statistic reflects only previous activity (volume), that is, the initial asking price of landlords and the price tenants were prepared to pay before any negotiations or agreement. Thus, it represents a statistic of intention that enables us to anticipate trends in the market.

In 2020, the average prices of the offer and demand for rental homes reached their lowest values in the data series (begun in January 2019) in the final months of the year in almost all territorial areas (with the exception of the prices tenants were prepared to pay in the rest of metropolitan area, according to the portal Fotocasa).

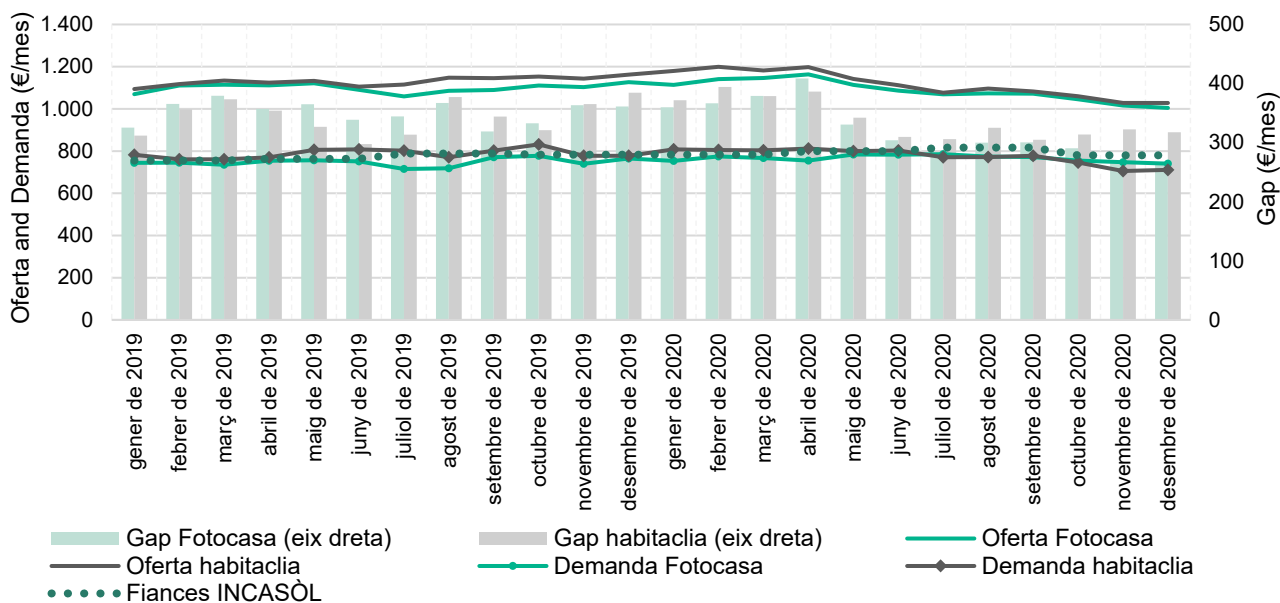
In Barcelona (Figure 3.16), the average interannual asking price fell by 20% in December (1,202 €/month), whilst the average offer only fell by 9.3% according to Fotocasa (780 €/month) and by 7.4% according to habitacalia (834 €/month). These variations reduced the gap between asking and offer prices, even though the distance between these two prices at the end of 2020 was still considerable (423 €/month in Fotocasa and 367 €/month in habitacalia). Thus, to reach the average offer price the average asking price had to be corrected by 35% according to data from Fotocasa and 31% according to habitacalia.

Figure 3.16. Evolution in the average rental price of multi-family housing in the city of Barcelona, January 2019–December 2020.



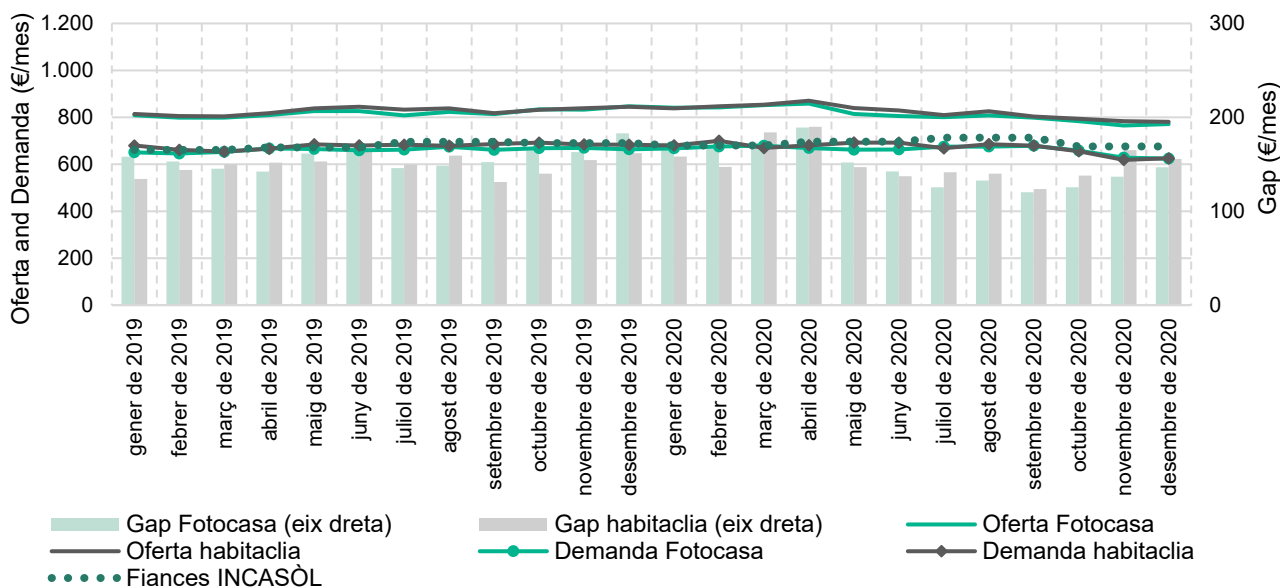
Source: own work. Price of rental contracts, Urban Agenda and Territory Secretariat using data on the rental deposits placed with INCASOL; Offer and demand prices (Fotocasa and Habitacalia portals) based on data supplied by the Adevinata group.

Figure 3.17. Evolution in the average rental price of multi-family housing in the rest of the metropolitan area, January 2019–December 2020.



Source: own work. Price of rental contracts, Urban Agenda and Territory Secretariat using data on the rental deposits placed with INCASOL; Offer and demand prices (Fotocasa and Habitacilia portals) based on data supplied by the Adevinta group.

Figure 3.18. Evolution in the average rental price of multi-family housing in the rest of the Barcelona metropolitan area of influence, January 2019–December 2020.



Source: own work. Price of rental contracts, Urban Agenda and Territory Secretariat using data on the rental deposits placed with INCASOL; Offer and demand prices (Fotocasa and Habitacilia portals) based on data supplied by the Adevinta group.

In the rest of the metropolitan area (Figure 3.17), the average asking price fell by 11% on the Fotocasa (1,005 €/month) and 12% on the habitaclia (1,028 €/month) portals in December 2020; nevertheless, the fall in the average offer price was less, just 3% according to Fotocasa (740 €/month) and 9% to habitaclia (711 €/month). Thus, the gap between the offer and demand prices fell in this territorial area to 264 €/month on the Fotocasa and 316 €/month on the habitaclia portals. In relative terms, this imbalance was lower than in the city of Barcelona as the difference between the offer and asking prices was 26% or 31% according to the portal.

Finally, in the rest of the metropolitan area of influence (Figure 3.18), the interannual fall in the average offer and demand prices in the fourth quarter of 2020 were similar: the average asking prices fell by 9% on Fotocasa (771 €/month) and 8% on Habitacilia (781 €/month), while the offer price fell by 6% and 9%, respectively, depending on the portal (625 €/month). Nevertheless, given that in this area the difference in the average offer and demand prices was less – only 147 €/month and 156 €/month according to the portal – in this area the adjustment between prices in relative terms was lowest (19–20%).

In conclusion, using the data compiled on rental deposits placed with INCASOL and data from the two real-estate portals, **it is clear that there was a tendency for rental prices to fall in the final quarters of 2020, above all in the city of Barcelona. However, to interpret this fall, it is vital to bear in mind two factors other than the impact of the COVID-19 crisis, namely, (i) that before the pandemic a slow-down in rental prices was already occurring** (Observatori Metropolità de l'Habitatge de Barcelona, 2020c) **indicating that the upward trend in rent prices was coming to an end; and, as detailed above, (ii) in September 2020 Law 11/2020 on rent contention and rental contracts came into force.**

3.3. The fall in the number of houses built and the impact of programmes of construction quality and building rehabilitation

The final subject tackled in this chapter on the impact of COVID-19 is residential construction. First of all, it is worth remembering that the housing construction sector went into a severe decline in the years following the construction boom of 1996–2007. Between roughly 2013 and 2018, the number of new housing units built continued to increase. However, in 2019 there was a moderate slowing down in the city of Barcelona and a more severe deacceleration in the rest of the metropolitan area. The previous reports by the Barcelona Metropolitan Housing Observatory used some of the few data available on this issue to evaluate the rehabilitation sector in the Barcelona metropolis.

Housing units begun and finished

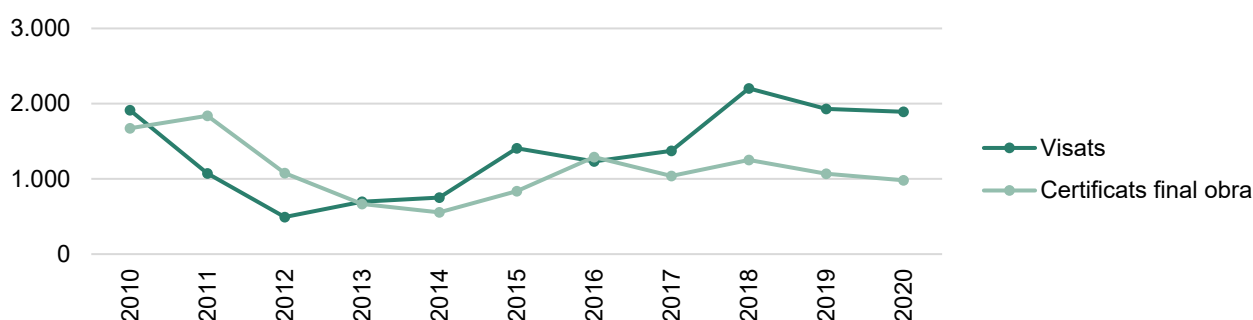
According to data from the Catalan Association of Surveyors, Technical Architects and Building Engineers, **in 2020 the number of licenced housing units throughout all of the territorial area covered by this report – with the exception of the city of Barcelona – remained stable.** However, it is important to bear in mind that these licences only provide a rough estimate of activity in the construction sector as there is often a time interval between the moment a project is authorised and when building finally gets underway. Despite this, it is clear that there was a difference between Barcelona and the rest of the territory in terms of the evolution of the construction sector.

The number of finished housing units increased notably for the fifth consecutive year in 2020 everywhere except the city of Barcelona (Figures 3.21, 3.22 and 3.23). Employment in the sector, though, was greatly affected by the exceptional measures implemented to combat the COVID-19 crisis (declaration of a state of alarm, lockdown, etc.) and there was an all-but complete halt to construction work during the second quarter

of the year that led to the loss of 38,495 jobs in Catalonia (Serveis d'Estudis and Documentació d'Habitatge, 2021b).

In the city of Barcelona (Figure 3.21), a total of 1,892 housing units were begun in 2020, a slight decline of 2.0% compared to 2019 but an increase of 283.8% compared to 2012, the decade's worst year in terms of house building. By contrast, and unlike the other territorial areas, 981 housing units were finished in 2020, a second consecutive year of losses: an 8.2% fall compared to the previous year but an increase of 76.8% compared to 2014, the lowest year in the data series.

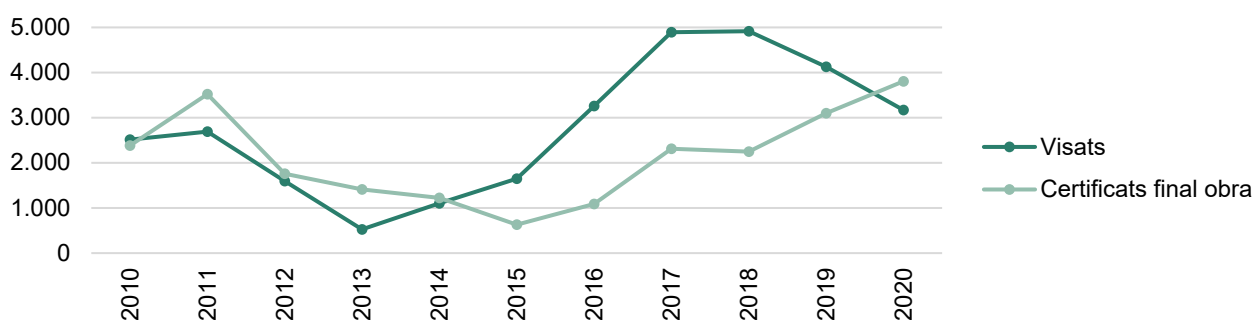
Figure 3.21. Residential construction. Licenced and finished housing units in Barcelona, 2010–2020.



Source: Urban Agenda and Territory Secretariat, using data from the Catalan Association of Surveyors, Technical Architects and Building Engineers.

In the rest of the metropolitan area in 2020 (Figure 3.22), a total of 3,170 housing units were licenced, a notable fall of 23.2% from 2019, and 3,806 units were finished, a significant increase of 22.8%. In both these cases, the dynamics detected in previous years continued in both intensity and direction. Furthermore, there was an increase of 502.7% in the number of housing units begun and of 504.1% in those finished compared to the years 2013 and 2015, respectively.

Figure 3.22. Residential construction. Licenced and finished housing units in the metropolitan area without Barcelona, 2010–2020.

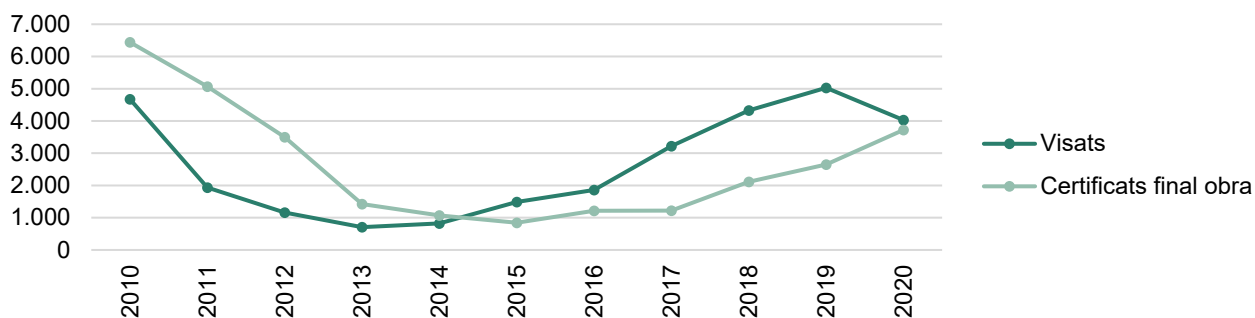


Source: Urban Agenda and Territory Secretariat, using data from the Catalan Association of Surveyors, Technical Architects and Building Engineers.

In the rest of the province (Figure 3.23), for the first time since 2013 there was a fall in the number of housing units begun (4,030), which represents a fall of 19.9%. By contrast, there was a notable increase in the number

of finished houses compared to 2019: 3,721 finished housing units representing an increase of 40.5%. Overall, since 2013 and 2015, the years with the worst figures for this sector, there have been spectacular increases of 470.0% in units begun and 340.9% in units finished, respectively.

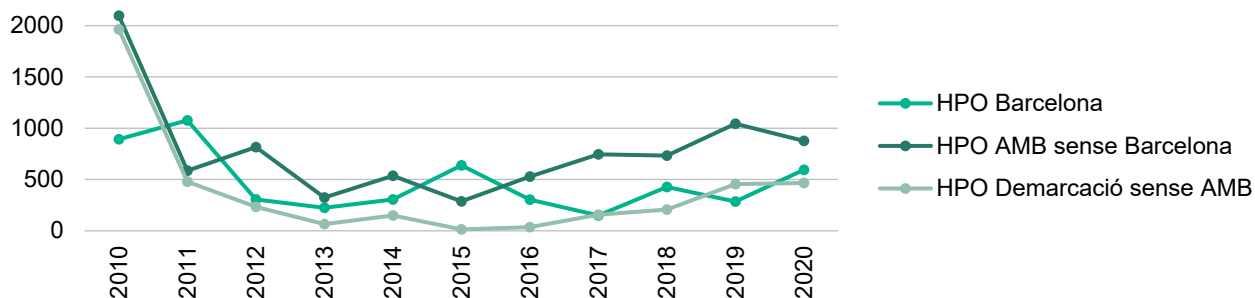
Figure 3.23. Residential construction. Licenced and finished housing units in the province of Barcelona without the metropolitan area, 2010–2020.



Source: Urban Agenda and Territory Secretariat, using data from the Catalan Association of Surveyors, Technical Architects and Building Engineers.

In 2020 throughout the province of Barcelona a total of 1,939 social housing units were begun, 8.6% more than in the previous year.

Figure 3.24. Provisional qualifications of social housing by territory, 2010–2020.



Source: Urban Agenda and Territory Secretariat using data on the provisional qualifications of social housing and local housing rehabilitation.

In the city of Barcelona 595 social housing units were begun, an increase of 108.0% over 2019 and a return to the figures for 2015. In the metropolitan area without Barcelona a total of 877 social housing units were started, 15.9% fewer than in 2019. Finally, in the rest of the province 467 social housing units were begun, a slight increase of 2.4% over 2019.

One factor that should be taken into account when analysing the construction of social housing is the tenure of these housing units. There has been a significant change in the sector in recent years – above all in the city of Barcelona – such that, if we exclude buildings affected by urban planning, of the residential projects promoted by the Barcelona Municipal Institute of Housing and Rehabilitation as part of their Right to Housing Plan 2016–2025, 69% were for rental and 31% for sale.

Building quality and rehabilitation programmes

As mentioned above, good information on housing rehabilitation is lacking. Here, we present data on grants for rehabilitation that reflect only a part of the activity in the sector. At some but not all administrative levels, the number of grants awarded for rehabilitation fell in 2020 (Table 3.5.).

According to the document *Report on the Housing Sector in Catalonia in 2020* drawn up by the Housing Studies and Documentation Service (2021b), in 2020 in Catalonia grants for rehabilitation were awarded for 9,293 dwellings, 48.5% fewer than in 2019, representing an overall cost of €23.2 million (Table 3.5).

Table 3.5. Housing rehabilitation grants in Catalonia, 2019 and 2020.

	2019		2020		Var. 19/20
	Housing units (n°)	Sum (million €/year)	Housing units (n°)	Sum (million €/year)	Housing units (%)
Catalan Housing Agency	6,147	11,038.70	4,126	6,029.99	-32.9%
Barcelona Housing Consortium	8,262	21,047.05	4,779	16,448.68	-42.2%
Metropolitan Area Housing Consortium	3,650	4,725.68	388	695.68	-89.4%
Total	18,059	36,811.43	9,293	23,174.35	-48.5%

Source: Housing Studies and Documentation Service, Generalitat de Catalunya. Housing data, 2021 bulletin. January–March 2021

Grants for rehabilitation in the city of Barcelona awarded by the City Council, the Ministry of Housing and the Catalan Government are managed by the City's Housing Consortium. The figures for 2020 show a clear decrease of 42%. However, it is important to note that the investment by this Consortium has been very irregular in recent years as, while the financial outlay on rehabilitation grants by Barcelona City Council has continued to increase, it has fallen in other administrative areas: grants awarded by the 35 municipalities in the metropolitan area (i.e. excluding Barcelona) fell by 84.9% in 2020.

Unquestionably, **2020 was a year in which in general there was a decrease in the rehabilitation grants awarded. However, initial budget data indicate that there will be a notable increase in 2021 and, for example, according to information provided by Barcelona City Council, an increase of 129% in the coming year is anticipated. The Metropolitan Rehabilitation Plan also foresees significant budgetary increases, to which can be added the rehabilitation programmes financed by the EU's Next Generation funding.**

○— 4. The impact of COVID-19 on the population and residential needs

After analysing the impact of the COVID-19 crisis on the housing market, in this fourth chapter we focus our attention on its impact on the population and households, together with some of the main issues related to residential needs. Indeed, some of the first available data reveal significant failures in this field and, for example, the number of young people between the ages of 25 and 29 in the province of Barcelona who were able to leave their parental homes is even lower than before, having fallen from 48.3% to 39.4% between the fourth quarter of 2019 and 2020¹⁴.

Logically, this statistic, along with other effects of the sanitary crisis discussed below, must be examined in light of three dynamic processes that have already been highlighted in this report. Firstly, according to initial economic data available, the severe economic recession has increased many people's material wants and economic difficulties (Instituto Nacional de Estadística, 2021). Secondly, the structural crisis in the access to housing caused by the increasing gap between household income and average housing costs has continued to increase. Finally, it is important to take into account the exceptional policies introduced in the past few years – specifically, the measures implemented to mitigate the COVID-19 crisis – designed to partially counteract growing social vulnerability and the difficulties in access to and permanence in housing.

Thus, bearing in mind these three important elements, in this final chapter we present four issues that are especially relevant for evaluating the impact of COVID-19 on people and their housing needs. In the first section we look at the evolution of the problem in the metropolitan area by identifying the factors behind the increases (which help quantify the effects of the pandemic) in mortality, migrations and movement away from the metropolis towards the rest of Catalonia. In the second section we analyse changes in people's perceptions of their residential space provoked by the COVID-19 crisis, as well as the possibilities they have for carrying out housing reforms.

While the first two sections of this final chapter focus on residential exclusion, the third returns to the issue of evictions (see Chapter 2) at a more detailed territorial scale and analyses the court-ordered evictions that have taken place in the Barcelona metropolis. The last section reviews the information provided by the emergency housing boards, one of few instruments that the public administrations have at their disposal to provide accommodation for people suffering severe residential exclusion.

4.1. Demographic decline: deaths and emigration

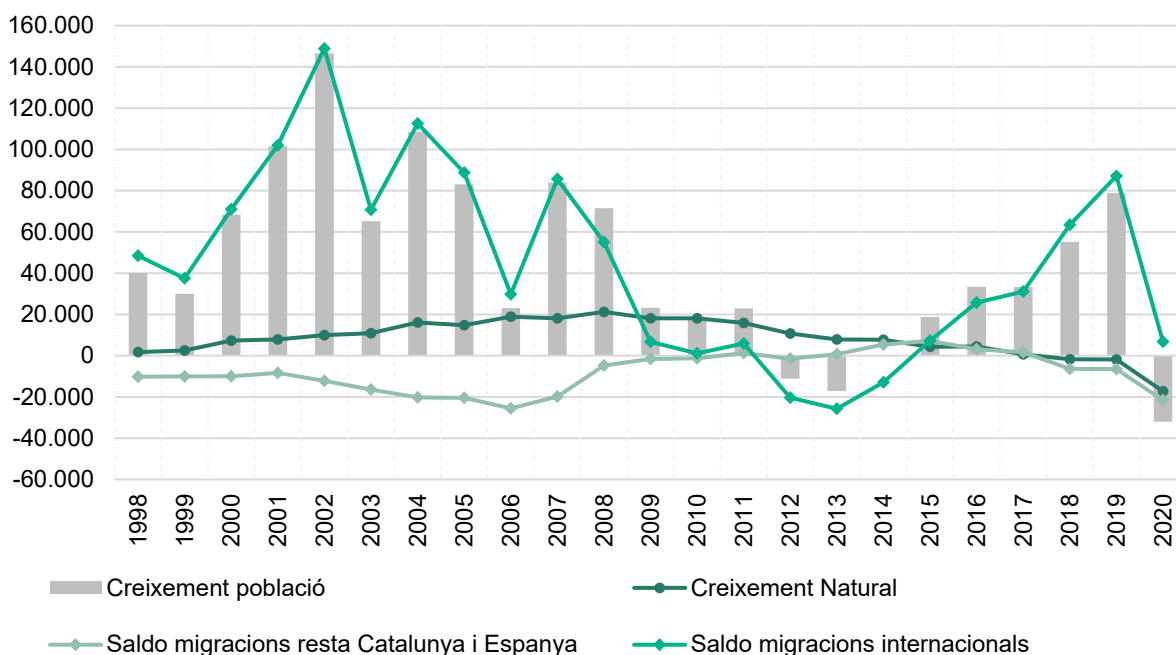
The population of the Barcelona metropolis fell notable in 2020 and, specifically, dropped from 5,743,402 inhabitants on 1 January 2020 to 5,711,405 on 1 January 2021, a loss of 31,997 people (0.6%), the largest fall in the past two decades.

Logically, **this fall can largely be attributed to the mortality caused by COVID-19, although the true demographic impact of the pandemic is most evident if we examine the figures on migration, one of the main causes of this loss of population.**

In terms of mortality, in 2020 59,663 people died in the province of Barcelona, 12,827 (27.4%) more than in the previous year. Furthermore, only 42,386 children were born, which gives a negative natural growth in the population of -17,277 people. This figure represents the lowest natural population growth in the past two decades and is far greater than the slight population falls due to natural factors that have begun to be detected in recent years (Figure 4.1).

¹⁴ Own work based on data from INE, General Population Census.

Figure 4.1. Components of demographic growth in the province of Barcelona, 1998–2020.

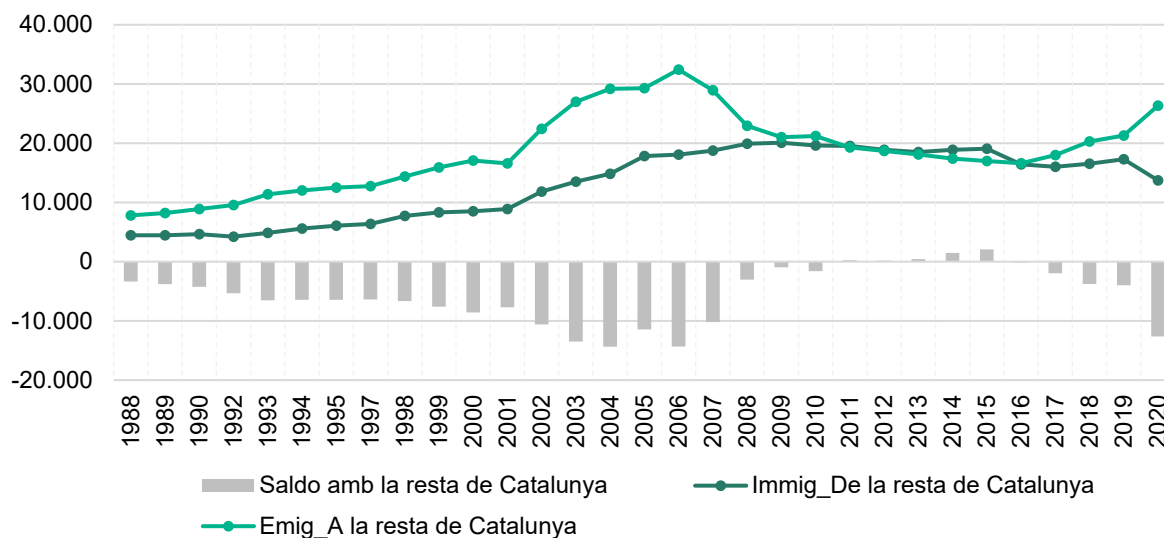


Source: own work. INE using general population census data; INE, statistics on residential movements; Idescat using statistics on births and deaths.

However, as mentioned above, the effects of mortality on the overall population must be interpreted bearing in mind the severe impact of internal migration out of the Barcelona metropolis in 2020. The balance of migration with the rest of Catalonia and Spain is clearly negative and shows a loss of 21,510 censused residents (Figure 4.1). In the past two years (2018 and 2019) negative migratory movements into the rest of Catalonia and Spain had already been noted (losses of 6,436 and 6,464 residents, respectively), losses that were aggravated significantly by the effects of the pandemic. **The balance of international migration, on the other hand, remains positive (6,790 new residents in 2020) but with a significant decline in overall numbers (87,083 new residents in 2019).**

One of the most analysed questions in recent years is the impact of the COVID-19 crisis on changes in residence due to people moving out of the most built-up areas. To explore this question further, it is necessary to analyse migratory flows between the province of Barcelona and the rest of Catalonia.

In 2020, in **the province of Barcelona there was a notable increase in emigration towards the rest of Catalonia** (Figure 4.2) and, specifically, 26,351 people left the province to live in another Catalan municipality, an increase of 23.8% compared to the previous year. **These types of movements had been detected ever since 2017 but never to the extent that they occurred in 2020. By contrast, migratory flows in the opposite direction decreased significantly in 2020** and municipal censuses in the province of Barcelona in 2020 recorded 13,722 new residents, 20.6% fewer than in the previous year.

Figure 4.2. Migration between the province of Barcelona and the rest of Catalonia, 1998–2020.

Source: own work. INE using general population census data; INE, statistics on residential movements.

The overall outcome of this combination – increase in emigration and fall in immigration – leads inevitably to a negative migratory balance with the rest of Catalonia: specifically, in 2020 the province of Barcelona lost 12,629 inhabitants due to these movements, a three-fold increase over the previous year (3,988 losses). **This confirms the trend in movements from built-up areas to more rural environments**, about which so much was written during the pandemic. Nevertheless, despite the clarity of the data, it must be remembered that these movements are, for the time being, conjunctural and only affect a small segment of the population. In the coming years, this dynamic will have to be monitored to see if this trend continues or, alternatively, if the situation reverts to its pre-pandemic state.

4.2. The effect of domestic lockdown on the perception of residential space

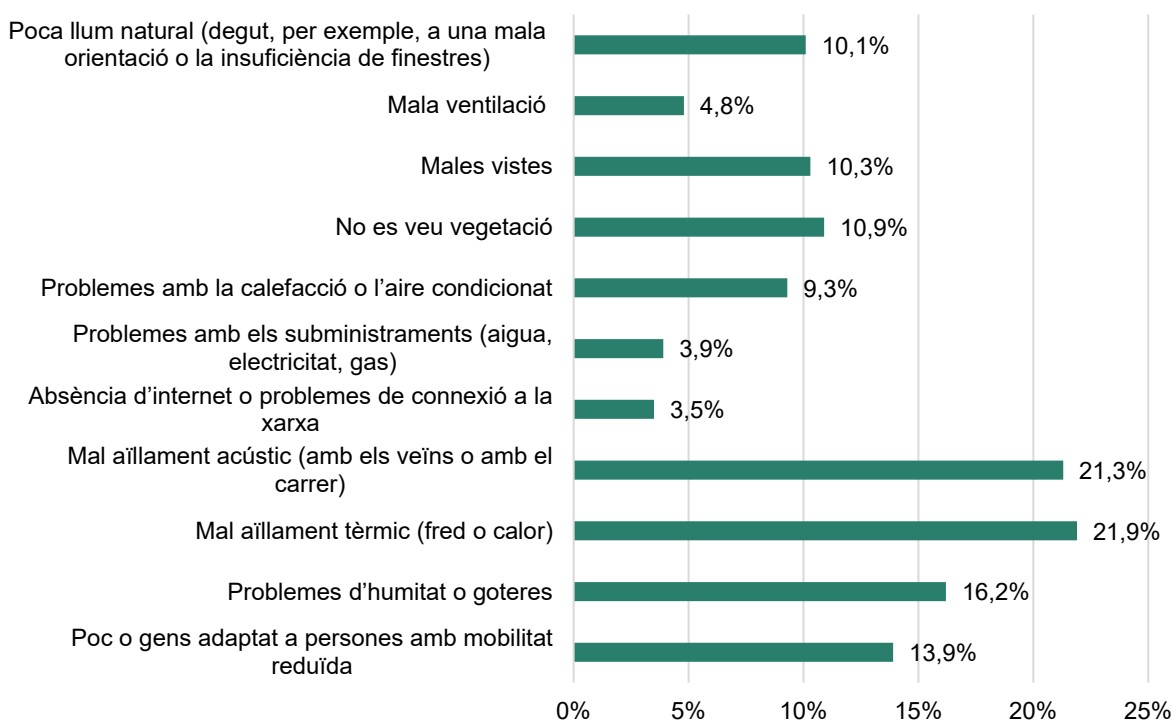
As is well known, the restrictions on personal mobility and the use of public spaces implemented during the pandemic led people to use their homes more intensely and in more diverse ways. This was especially true during lockdown when, for example, almost 80% of households undertook new activities at home including tele-working, physical exercise and teaching school work¹⁵. Since then, although exercise and school work have progressively returned to their former locations (with a few parentheses caused by quarantines and other exceptional measures), online working from home is taking longer to return to its pre-COVID levels.

The intensification of the use of residential space during lockdown has almost certainly led to a change in people's perception of the deficiencies of their homes, which theoretically will have encouraged more people to carry out home reforms. People's perceptions of their homes during lockdown were compiled by the survey *Living under Lockdown* carried out on 6 May–7 July 2020 in the Barcelona Metropolitan Area. The results of this study are discussed below.

¹⁵ Source: O-HB, survey *Living under lockdown*, 2020

The first important result of this survey is the perception people living in the Barcelona Metropolitan Area have of the shortcomings of their homes: **in a context of the intensive use registered during the first months of the pandemic, 58.4% of households stated that their homes had no deficiencies while the remaining 41.6% reported one or more problem.**

Figure 4.3. Residents perception (%) of type of deficiencies in housing in the Barcelona Metropolitan Area, 2020.



Source: Barcelona Metropolitan Housing Observatory survey *Living under Lockdown 2020*; n = 4,531.

Little natural light (due, for example, to poor aspect or bad windows)

Badly ventilated

Poor views

Can't see any vegetation

Problems with heating or air conditioning

Problems with water, electricity or gas supplies

No internet or poor connection to digital networks

Too noisy (neighbours or street)

Poor thermal insulation (hot or cold)

Humidity or leaks

Not well adapted to people of reduced mobility

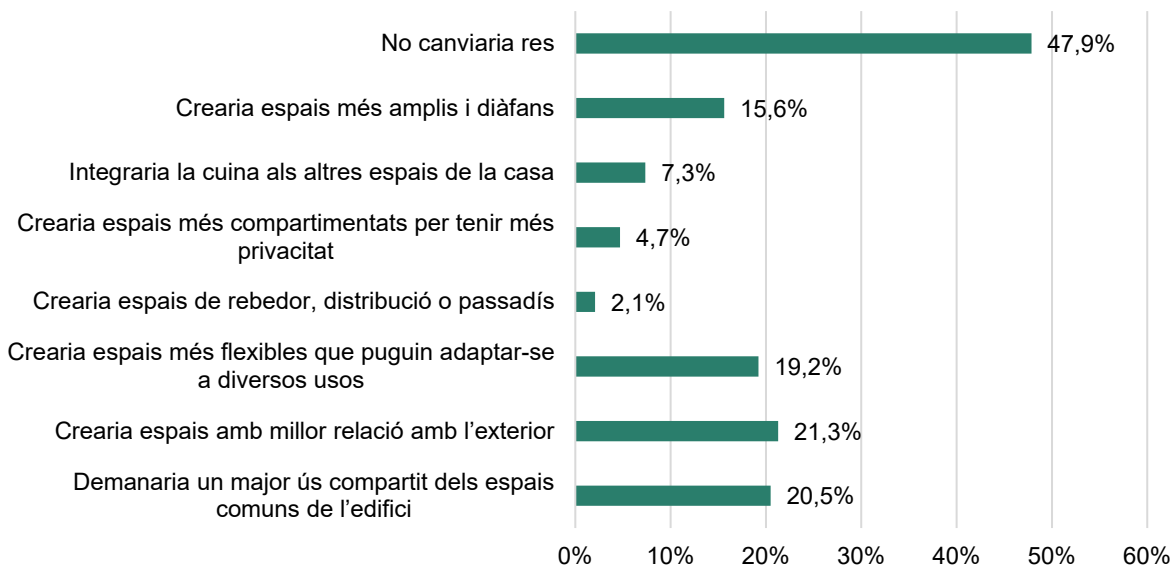
Of the households that reported defects, the most commonly repeated problems were faults in the building structure or insulation: 21.9% of defects concerned bad thermal insulation (cold or heat), 21.3% poor acoustic insulation and 16.2% problems with humidity (Figure 4.3). As well, 13.9% of householders stated that their homes are poorly or not suited to people of reduced mobility.

Another source of complaints was the relationship between the dwelling and the exterior, often deriving from poor design of window and door openings, or the position of the building within its surroundings. For example, 10% of complaints in the Barcelona Metropolitan Area involve a lack of natural light (due to poor aspect or small openings), 10.3% state that the views are poor from their homes, 10.9% complained of the lack of any view of natural vegetation, and 4.8% reported poor ventilation. It should be remembered that this survey was carried out during lockdown and the weeks immediately afterwards, and so some of these defects – above all those related to views or the lack of vegetation – were in the forefront of people’s minds.

A final group of less manifest complaints relate to the installations in people’s homes and their energy and water supplies: 9.3% had problems with the heating or air conditioning, 3.9% with water, electricity or gas supplies, and 3.5% with the internet connection (or no connection).

Along with this data on the perceptions of housing deficiencies, we also have data on the reforms people in the Barcelona Metropolitan Area would like to carry out in their dwellings. Firstly, **47.9% of people said that they would not carry out any home reforms after lockdown, whilst the other 52.1% said they would make changes.**

Figure 4.4. Reforms people would perform in their homes after lockdown in Barcelona Metropolitan Area 2020.



Source: Barcelona Metropolitan Housing Observatory survey *Living under Lockdown 2020*; n = 4,375

Would not do any reforms

Would create more open spaces

Would integrate the kitchen into other spaces in the house

Would create smaller and more private spaces in the house

- Would create a hall area linking other parts of the house
- Would create more flexible spaces adaptable to other uses
- Would create spaces with more connection to the exterior
- Would request more shared use of the housing's common areas

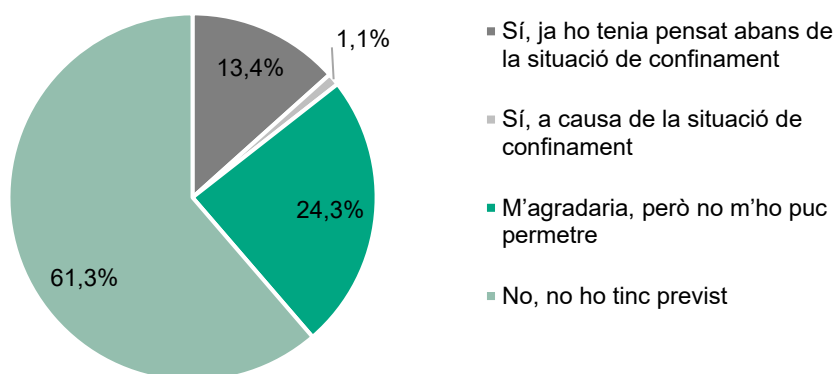
If we focus on the types of changes people would like to make (Figure 4.4), the most popular ideas amongst householders was the desire to improve their contact with the exterior (21.3%) and make more use of the common areas in their buildings. In many cases these desires are theoretical as they would either be physically impossible given the design of the building, or contravene legal regulations (e.g. balconies, terraces) or the rules of the housing community.

The three most commonly repeated desires regarding the distribution of the interior space were greater flexibility to adapt spaces to more diverse uses (19.2%), the creation of larger, more open spaces (15.6%), and the integration of the kitchen into other spaces in the home (7.3%). It can be seen that the more intense use of homes led to fresh desires for larger, brighter and more multifunctional spaces. On the other hand, only 4.7% of householders in the Barcelona Metropolitan Area said they would like to have smaller, more private spaces and only 2.1% wanted better hall areas or corridors despite the irruption into homes of activities that would often seem to require more isolated spaces (e.g. teleworking, physical exercise or teaching).

It is likely that most people were looking ahead to the end of lockdown when some of these activities previously thought of as 'non-domestic' would no longer be performed indoors. As well, it seems that the intensive use of homes also led people to want more open interior spaces and more contact with the outside.

This view of the perceived defects in housing and the reforms people in the Barcelona Metropolitan Area would like to make after lockdown provides us with a reminder of the main structural needs of people's homes. Thus, this diagnostic of the desire to carry out domestic reforms reveals the final steps required to correct housing disfunctions and satisfy householders' needs. The results of the survey reinforce some of the conclusions and hypotheses that are discussed above. Firstly, **it is important to highlight the fact that 61.3% of households did not intend to carry out reforms after lockdown** (Figure 4.5), a figure that mirrors the 58.4% of household that consider that their homes have no structural defects.

Figure 4.5. Percentage of people planning to carry out housing reforms after lockdown in the Barcelona Metropolitan Area, 2020.



Source: Barcelona Metropolitan Housing Observatory survey *Living under Lockdown 2020*; n = 4.511

Yes, I had thought about reforms before lockdown.

Yes, because of lockdown

I would like to but I can't afford it

No intention of carrying out reforms

However, **13.4% of households had considered carrying out reforms before lockdown, whilst 24.3% would like to but cannot afford to.** Most of the reforms described here are related to defects in the building or problems with insulation, which suggests that more thought should be given to the mechanisms involved in awarding grants to help the poorer sectors of society improve their housing conditions.

Finally, it is remarkable that only 1.1% of households intended to carry out reforms due directly to lockdown. This low percentage should be related to the hypothesis postulated above that most people perceived the state of alarm as a temporary issue (and probably shorter than it turned out to be). By contrast, due to their cost and permanence structural reforms require a much longer time scale.

4.3. Residential exclusion: court-ordered evictions

As we saw in Chapter 2, in recent years there has been a continuous fall in the number of court-ordered evictions and in the first quarter of 2021 the number of evictions returned to pre-COVID values in the province of Barcelona, which could indicate a change in tendency, possibly due to the social impact of the health crisis.

This increase in evictions contrasts with the legislative provisions enshrined in RDL 11/2020, 31 March, and in RDL 37/2020, 23 December, that aimed to reduce the number of forced evictions during the state of alarm. The effects of these legal requirements should have become patent once the evictions had been authorised by the courts. However, the majority of such evictions were not performed thanks to negotiated settlements encouraged by the legislation, above all RDL 37/2020, 23 December, which helped households reach agreements with landlords before physical eviction measures begin.

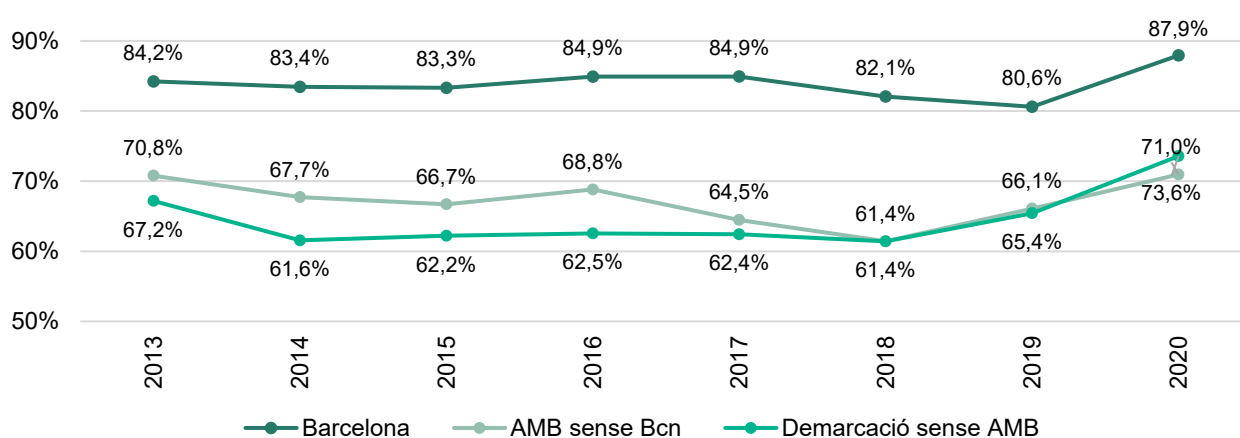
Although in some cases forced evictions are postponed at the last minute, the legal procedures involved in evictions have an impact on the health of all those involved (Delgado et al., 2021), who find themselves in a never-ending situation of residential insecurity. It is important to remember that the agreements reached with landlords are often temporary solutions that only serve to prolong tenants' feelings of insecurity.

In this section on the impact of COVID-19 on households, we look again at the question of forced evictions and study even further the motives behind them (i.e. due to mortgage foreclosure or noncompliance of the Law of Urban Rents) and their territorial patterns (in terms of local courts). The information used is derived from the statistics published annually – as opposed to quarterly – by the General Council of the Spanish Judiciary.

In terms of motives, **there is a clear predominance in the evictions carried out due to the non-compliance of the Law of Urban Rents (LUR), above all in the municipality of Barcelona, whilst those due to mortgage foreclosure are very much a minority.** Moreover, this separation has been reinforced in the past year and in Barcelona in 2020 87.9% of evictions were related to enforcement of the LUR and the other 12% due to mortgage non-payments. In the rest of the metropolitan area, 71% of evictions were due to the former reason and 29% the latter; in the rest of the province, the respective figures were 73.6% and 26.4% (Figure 4.6).

The dominance of LUR-related evictions and the territorial differences therein are in part a reflection of the type of tenure through which people have accessed housing in recent decades. In the first chapter of this report we highlighted how rentals had become one of the main ways of accessing housing in the Barcelona metropolis, which has led to the preponderance of LUR-related evictions. On the other hand, given that in Barcelona the amount of rental housing is much more significant, in the rest of the metropolitan area access to housing via sale-purchase has become prevalent in recent years. This was especially true during the final years of the housing boom in 1996–2007, so evictions due mortgage foreclosures are relatively much more important in the areas outside Barcelona.

Figure 4.6. Percentage of evictions carried out in the province of Barcelona due to non-compliance with the Law of Urban Rents (LUR) by territory, 2013–2020.



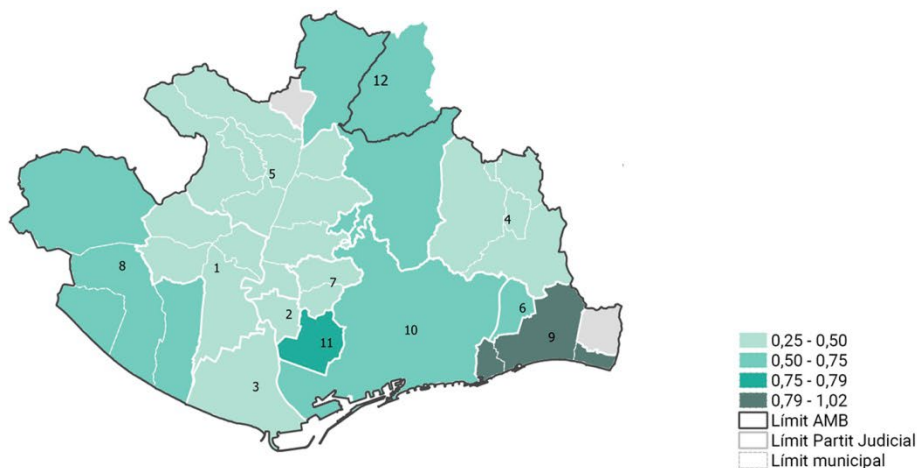
Source: own work. Spanish General Judiciary Council, *Efecto de la crisis en los órganos judiciales*

If we enter into territorial detail, significant differences appear (Figures 4.7, 4.8 and 4.9) that show that some local courts had a greater impact than others. Thus, the court in Badalona¹⁶ ordered more evictions than any other per 1,000 inhabitants (1.02), followed by the courts of L'Hospitalet de Llobregat (0.79) and Barcelona (0.62). Conversely, the courts in El Prat de Llobregat (0.28), Cornellà de Llobregat (0,31) and Sant Boi de Llobregat¹⁷ (0.34) ordered fewest evictions.

¹⁶ Includes the municipalities of Badalona, Sant Adrià de Besòs and Montgat.

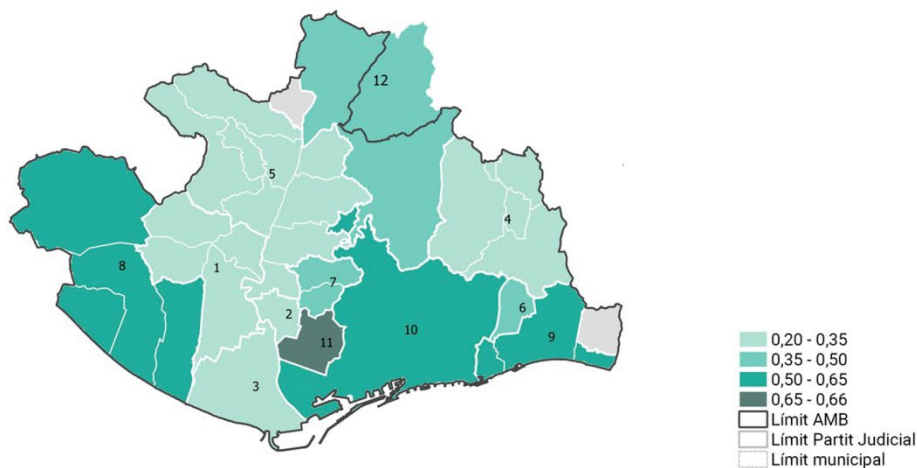
¹⁷ Includes the municipalities of Sant Boi de Llobregat, Sant Climent de Llobregat, Santa Coloma de Cervelló and Torrelles de Llobregat.

Figure 4.7. Evictions per 1,000 inhabitants in the judicial districts in the Barcelona Metropolitan Area, 2020.



Source: own work. Spanish General Judiciary Council, *Efecto de la crisis en los órganos judiciales*; INE from General Population Census.

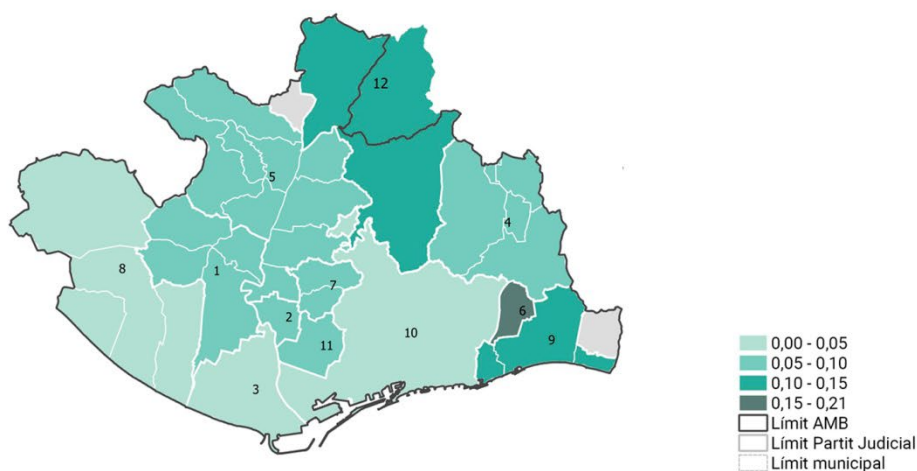
Figure 4.8. Evictions due to non-compliance of the Law of Urban Rents (LUR) per 1,000 inhabitants in the judicial districts in the Barcelona Metropolitan Area, 2020.



Source: own work. Spanish General Judiciary Council, *Efecto de la crisis en los órganos judiciales*; INE from General Population Census.

If we limit our analysis to just the evictions related to the LUR, in 2020 the judicial district of L'Hospitalet dealt with the most cases (0.66), followed by Barcelona (0.54) and Badalona (0.53). At the other end of the scale were the judicial districts of Sant Boi de Llobregat (0.21), Cornellà de Llobregat (0.26) and El Prat de Llobregat (0.26).

Figure 4.9. Evictions due to mortgage foreclosures per 1,000 in habitants in courts in the Barcelona Metropolitan Area, 2020.



Source: own work. Spanish General Judiciary Council, *Efecto de la crisis en los órganos judiciales*; INE from General Population Census.

Evictions due to mortgage non-payments were especially frequent in the judicial district of Santa Coloma de Gramenet (0.21), followed at a distance by Badalona (0.14) and Rubí¹⁸ (0.13), whilst at the other end of the scale, the judicial districts of El Prat de Llobregat (0), Barcelona (0.04) and Gavà (0.05) practiced the fewest evictions due to mortgage foreclosures.

In conclusion, **the areas where evictions were most problematic were all in the urban areas near the city of Barcelona**, above all in the judicial districts of L'Hospitalet del Llobregat and Badalona, the latter covering the municipalities Sant Adrià and Montgat. Within these areas, evictions due to non-compliance with the LUR were most significant in L'Hospitalet de Llobregat, while those related to mortgage foreclosures were commonest in the municipalities along the river Besòs in the judicial districts of Badalona and, above all, Santa Coloma de Gramenet.

4.4. Residential exclusion: the emergency housing boards

The emergency housing boards are one of the final instruments that public administrations have at their disposal for guaranteeing people who, despite negotiating with their landlords, have had to leave their homes or who for any other reason find themselves in a situation of social vulnerability without their right to decent housing. The number of cases brought before these boards are a good indicator of how the problem of residential exclusion is evolving.

Currently in Catalonia there are 11 municipalities with their own emergency housing boards (Badalona, Barcelona, Cornellà de Llobregat, L'Hospitalet de Llobregat, Lleida, Martorell, Sabadell, Sant Adrià de Besòs, Sant Cugat del Vallès, Terrassa and Vic), 10 of which are in the province of Barcelona. The remaining municipalities form part of a single board that operates for the rest of Catalonia. Here, we examine the cases

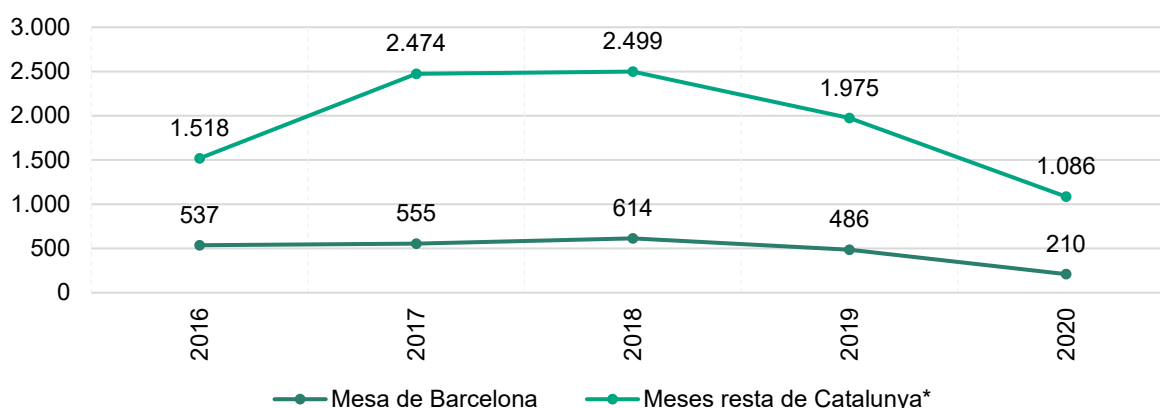
¹⁸ Includes the municipalities of Rubí, Castellbisbal and Sant Cugat del Vallès.

referred to the emergency boards of Barcelona and the rest of Catalonia for which data is freely available. The Barcelona Metropolitan Housing Observatory team is currently in the process of requesting the data for the remaining local emergency housing boards in order to monitor more fully the evolution of this problem.

If we focus in the data, Figure 4.10 shows that **the moments when most cases were brought before the boards were in 2017 and 2018, whilst in 2019 and, above all, 2020 there was a notable fall in the number of cases.** Thus, the Barcelona board dealt with 614 referrals in 2018 and 486 in 2019, but only 210 in 2020. The rest of Catalonia board in the same years dealt with 2,499, 1,975 and 1,086 cases, respectively.

Undoubtedly, **this downwards trend is due in good part to political decisions and rather less to any economic factor or dynamics of the housing market.** The various regulations unfolded in recent years¹⁹, offering more security to vulnerable people embroiled in eviction processes, as well as the increase in housing allowances²⁰, will have helped reduce the number of court-ordered evictions and, thus, the number of cases dealt with by the emergency housing boards. Despite this, the fall in the number of evictions cannot be attributed to improved access to housing, which, as is underlined in this report, has continued to deteriorate in recent years given that average housing prices have grown at a much more rapid rate than the average household income.

Figure 4.10. Cases brought before the Barcelona and Catalonia emergency housing boards, 2016–2020.



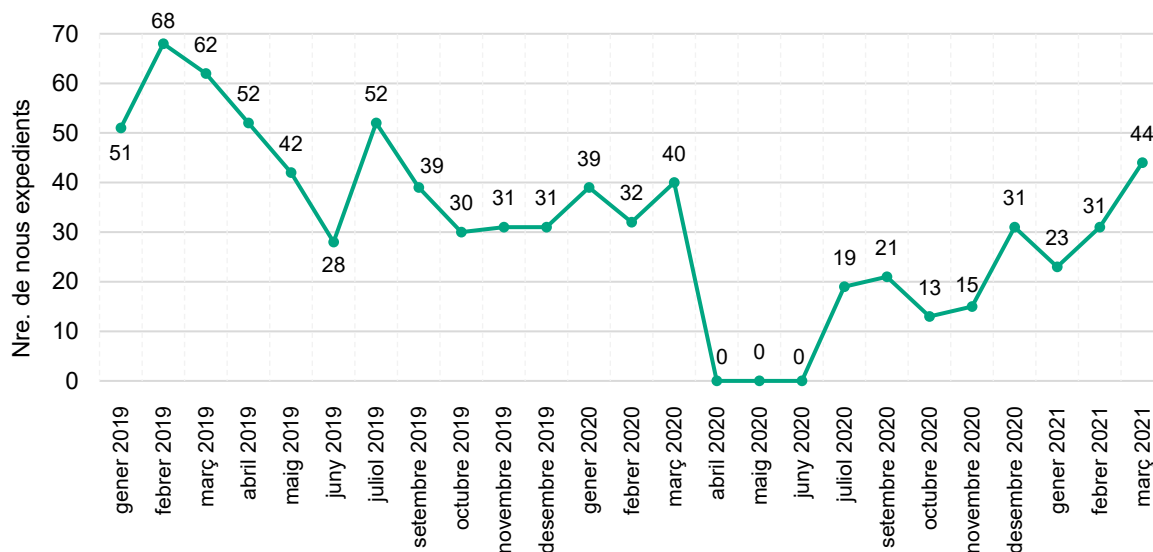
Source: own work. Barcelona Housing Consortium, *Estadístiques de la Mesa de Valoració per a l'adjudicació d'habitatges per emergències socials*; Ministry of Territory and Sustainability, *Informe sobre el sector de l'habitatge, 2017, 2018, 2019, 2020*

This annual fall in the number of cases conceals, however, a **tendency in recent years that points in the opposite direction** (Figure 4.11). If we focus on the **Barcelona emergency housing board**, for which monthly figures are available, we see that, **after a period of inactivity due to COVID-19, there has been a notable upturn in the number of referrals, to the extent that in March 2021 (44 cases) this board dealt with more cases than in the March of the previous year (40 cases).**

¹⁹ For example, Law 24/2015, 29 July, on urgent measures to confront the housing and energetic poverty emergencies, and, above all, Decree Law 17/2019, 23 December, on urgent measure to improve access to housing. As well, see the regulariotion passed during the state of alarm discussed in Chapter 2.

²⁰ For example, according to data published by the Housing Studies and Documentation Service of the Catalan Government (2021b), in 2014 just under 30,000 household received rent allowances, special benefits or other grants in Catalonia, whilst in 2020 66,087 received these benefits that totalled €120.4 million.

Figure 4.11. New cases referred to the Barcelona emergency table, January 2019–March 2021.



Source: own work. Barcelona Housing Consortium, *Estadístiques de la Mesa de Valoració per a l'adjudicació d'habitatges per emergències socials*.

As should be obvious, the evolution of these figures is similar to the data for court-ordered evictions discussed in the previous section and in Chapter 2. Thus, **in annual terms there has been a tendency for figures to fall but if we separate the data by months or quarters we see that, by contrast, there has been an increase since the second half of 2020, and in the first quarter of 2021 pre-COVID-19 values were even exceeded.** In the coming months these indicators will have to be closely monitored given that, as of 9 August 2020, the moratorium on evictions came to an end, which could significantly increase the number of people in situations of severe residential exclusion.

○— Conclusions

Despite the so-called 'Social Shield' unfurled by the relevant institutions, during the pandemic many jobs were lost, household incomes fell and there was an increase in the number of people living in poverty, to mention just the main social impacts affecting access to and permanence in housing. Moreover, at the beginning of the pandemic certain indicators – e.g. the poverty index – were at a critical point as they had not yet recovered to any substantial extent since the 2008 crisis.

As well, in recent decades a structural crisis in access to housing affecting an increasing number of people in the Barcelona metropolis has been looming. If we take as a reference the period 2000–2020, average rents and sale-purchase prices have risen in Barcelona and in Catalonia roughly twice as much as average incomes, all within a context of a lack of affordable housing.

This is a synthesis of the context behind this review in which we have analysed the impact of COVID-19 on the residential system in the Barcelona metropolis. We have centred our attention on three pressing questions: (i) the impact of some of the exceptional measures implemented by the relevant institutions; (ii) the effects of the pandemic on the housing market and on buildings; and (iii) the impact of the crisis on the population in general and its residential needs.

Undoubtedly, one of the main impacts of the COVID-19 pandemic was the **exceptional measures** implemented by the relevant institutions, above all the European Commission and individual states, that, unlike the 2008 crisis, included a 'Social Shield' (mentioned above) designed to mitigate the effects of the crisis on the population. As well, the Catalan Government and local Catalan administrations invested much time and energy in unfurling a series of exceptional measures whose full extent has not yet been quantified. Nevertheless, in the case of **Barcelona City Council**, there was a rapid positive response to its use of tourist accommodation (HUTS) and empty student housing, and to the reinforcement and extension of the instruments at its disposal designed to increase the affordable housing stock.

The Spanish Government implemented six main mitigation measures: suspension of eviction, suspension of mortgages, mandatory extension of rental contracts, moratorium in rent payments, economic aid to pay for housing, and a new series of allowances to help pay rents. These are not universal measures but, rather (with the exception of the extension of rental contracts), were aimed at people in situations of vulnerability and affect above all large property owners, businesses and public administrations.

An evaluation of new legislation in the Barcelona metropolis shows that, despite these exceptional measures, **court-ordered evictions** in the judicial districts in the province of Barcelona quickly returned to their former levels after the second quarter of 2020 (11 evictions due to mortgage non-payments and 61 rental non-payments). Thus, in first quarter of 2021 (236 and 1,278 evictions, respectively) there were more evictions than in the same period of the previous year (225 and 1,074 evictions, respectively). Nevertheless, the data produced by the City Council's Anti-eviction Unit indicates that between 18 January and 20 February 2021 almost 80% of evictions were halted before being enforced, and that many agreements were reached thanks to the new legal framework, above all after the entrance in force of RDL 37/2020, 23 December.

The success of **negotiations to extend (68%), adjourn or reduce rents (55%)** in the first few months of lockdown was moderate. Results point to a lack of awareness of the legislation, above all in the case of mandatory contract extensions. Another factor seems to have been the lack of co-responsibility at a time in which the implemented measures aimed first and foremost to encourage negotiations between tenants and landlords within the exceptional context of the pandemic.

In 2020 the number of **construction licences awarded** fell throughout much of the Barcelona metropolis, the exception being the city itself where numbers remained fairly stable.

Housing operations in 2020 fell notably: in Barcelona sale-purchase transactions dropped by 25% and new rental contracts placed with INCASOL by 21%; in the rest of the metropolitan area both concepts fell by 16%, while in the rest of the province sale-purchase operations declined by 16% and new rental contracts by 14%.

In the **rental market**, as a consequence of the fall in both the number of new contracts and demand, there has been a notable **increase in the rental housing stock** in the city of Barcelona, where the move from tourist accommodation to permanent housing has also had a positive impact. Thus, according to data from the real-estate portals Fotocasa and habitacalia, in the city centre in December 2020 there were approximately twice as many multi-family houses as in the previous year (81.9% and 107%, respectively). In the rest of the metropolitan area the offer of such homes was between 27.6% and 36.7% greater than in the previous year, and in the rest of the metropolis, between 7% and 20% greater.

The impact of the crisis affected **prices in used house prices** and led in 2020 to only moderate growth that in the case of the city of Barcelona was reflected by a stagnation in average prices (0.2% rise in Barcelona) but significant price rises in the rest of Catalonia (3.5% rise in the rest of the metropolitan area and 3% in the rest of the province).

Average rents in the fourth quarter of 2020 showed interannual decreases at all territorial scales, above all in the city of Barcelona (-5.7%), but also in the rest of the metropolitan area (-0.4%) and the rest of the metropolis (-2.1%). These results suggest that price adjustments will continue to occur during the first months of 2021 at all territorial scales, as the average prices on offer on the real-estate portals confirm: the average price of the offer and demand for rents in the final months of 2020 reached its lowest point of the whole data series.

However, it is difficult to calculate to what extent this fall in prices is due to the socioeconomic impact of COVID-19 given that, as we have noted elsewhere in this review, before the pandemic struck moderations were already being recorded in the rhythm of growth of rent prices; additionally, in September 2020 **Law 11/2020 on rent contention** was approved. Thus, after analysing the main methodologies used to evaluate the impact of this type of measure on rental prices in Germany and France, it becomes evident that it is extremely difficult to draw clear conclusions from the data we have at our disposal. That said, it is important to note that the data we have used do indicate that in 2020 rents fell and that the number of rental dwellings on the market increased, above all in the city of Barcelona. Even if these data do not allow us to establish a robust causal relationship, we do believe that the evolution of prices is compatible with the aims of the legislation introduced in Catalonia.

In 2020 there was a modest fall (0.6%) in **population** in the province of Barcelona that was the largest such decline in the past two decades. This fall was due in part to the increase in deaths but principally to the drop in international immigration – in 2019 Catalonia gained 87,083 inhabitants but only 6,790 in 2020 – and, to a lesser extent, emigration from the province of Barcelona to the rest of Catalonia.

Fewer than half of households (41.6%) **had a perception that their** housing was deficient, despite the intensive use of housing that occurred at the beginning of the pandemic: on the other hand, 52.1% of people stated that they would like to reform their home in one way or another after lockdown finished.

Despite this desire for change, 61.3% of households had no intention of **undertaking reforms** after lockdown ended, and 13.4% had already contemplated reforms before lockdown was imposed. It is worth highlighting the fact that people in 24.3% of metropolitan homes would like to undertake reforms but cannot do so for financial reasons, which suggests that there is a latent and powerful demand for housing rehabilitation.

In terms of **residential exclusion**, it is important to recall that, despite the 'Social Shield' and the exceptional measures enacted, the number of evictions carried out in the first quarter of 2021 was similar to pre-COVID levels. This has led to an increase in the number of cases referred to the emergency housing boards (at least in the city of Barcelona for which monthly breakdowns of figures are available).

These findings allow us to undertake **a final reflection** on the subject that whoever reads this text will also have made regarding the time-span of the exceptional measures that mitigated the impact of the COVID-19 crisis on households and the consolidation of other exceptional and structural measures. This approach – which could be extended to the whole social care system – is of special relevance for housing.

Indeed, as is well known, the fundamental right to decent housing cannot currently be guaranteed given the lack of affordable housing stock and the fact that market conditions do not ensure access to and permanence in housing for all. On the other hand, since the 2008 crisis, situations of vulnerability, poverty and economic difficulty suffered by households have become a structural phenomenon that initial data indicates worsened in 2020. Given this scenario, any abrupt transition that does not allow time for the consolidation of structural measures in the field of housing could in fact lead to a very significant increase in the number of people who find themselves in situations of residential exclusion.

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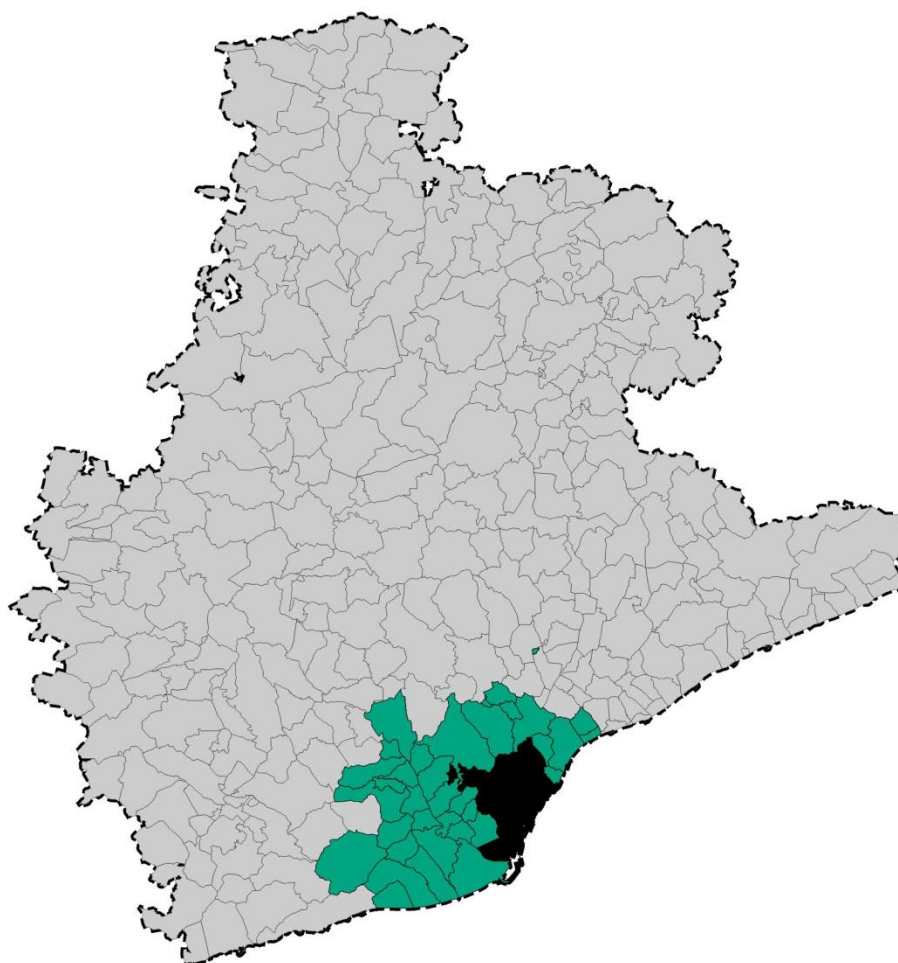
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○ Annexes


Annex 1. Territorial scope



Province
Barcelona

of

Barcelona Metropolitan
Area

 Province of Barcelona without Barcelona Metropolitan Area

 Barcelona Metropolitan Area without Barcelona

 Barcelona

Annex 2. Exceptional housing legislation passed by Spanish and Catalan Governments between 10 March 2020 and 29 May 2021

Spanish Government

- *Royal Decree-Law 6/2020, 10 March, adopting urgent economic measures to protect public health.*
- *Royal Decree-Law 8/2020, 17 March, adopting urgent complementary economic measures to support the economy and employment.*
- *Royal Decree-Law 11/2020, 31 March, adopting urgent complementary economic and social measures to confront the COVID-19 pandemic.*
- *Order TMA/336/2020, 9 April, incorporating, substituting and modifying aid programmed by the State Housing Plan 2018–2021 to comply with articles 10, 11 and 12 in Royal Decree-Law 11/2020.*
- *Order TMA/378/2020, 30 April, defining the criteria and requisites of habitual tenants for accessing temporary financial aid established by article 9 of Royal Decree-Law 11/2020.*
- *Royal Decree-Law 15/2020, 21 April, adopting urgent complementary measures aimed at supporting the economy and employment.*
- *Royal Decree-Law 16/2020, 28 April, on procedural and organisational measures to confront COVID-19 in the administration of justice.*
- *Resolution 1 May 2020, by the Secretary of State for Transport, Mobility and Urban Agenda publishing an agreement with the Official Credit Institution, E.P.E., to manage the guarantees and payment of allowances and interest by the State to tenants as financial support for rents during the COVID-19 crisis.*
- *Resolution 27 May 2020, by the Directorate of Judicial Security and Public Trust approving the application models for incorporation on the Registry of Movable Property the suspension of contractual obligations arising from a loan or mortgage guarantee contracted by an individual who is in a situation of economic vulnerability, as defined by Royal Decree-Law 11/2020.*
- *Royal Decree-Law 26/2020, 7 July, a measure for economic reactivation to confront the impact of COVID-19 in the spheres of transport and housing.*
- *Royal Decree-Law 30/2020, 29 September, on social measures promoting employment.*
- *Order TMA/1134/2020, 30 November, modifying the time limits for applying and formalising loans guaranteed and funded by the state as established in Order TMA/378/2020.*
- *Royal Decree-Law 37/2020, 22 December, with urgent measures for confronting situations of social and economic vulnerability in the fields of housing and transport.*
- *Royal Decree-Law 3/2021, 2 February, adopting measures for reducing gender gaps and other questions in the fields of social security and the economy.*
- *Royal Decree-Law 8/2021, 4 May, adopting urgent sanitary, social legal measures to be applied after the ending of the state of alarm declared by Royal Decree 926/2020, 25 October, to contain the propagation of the infections caused by the SARS-CoV-2 virus.*

Catalan Government

- *Decree-Law 37/2020, 3 November, strengthening the right to housing in light of the effects of the COVID-19 pandemic.*
- *Resolution TES/1047/2020, 12 May, establishing how to access the grants designed to minimise the economic and social impacts of the COVID-19 pandemic on rents of permanent dwellings.*
- *Resolution TES/1199/2020, 29 May, suspending the presentation of applications for grants designed to minimise the economic and social impacts of the COVID-19 pandemic on rents of permanent dwellings*

O—HB

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